

**THE SUPPLEMENTAL APPROPRIATIONS  
BILL, 1965**

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WASHINGTON, D.C. 20540

**HEARINGS**  
**BEFORE THE**  
**COMMITTEE ON APPROPRIATIONS**  
**UNITED STATES SENATE**  
**EIGHTY-EIGHTH CONGRESS**  
**SECOND SESSION**  
**ON**  
**H.R. 12633**  
**AN ACT MAKING SUPPLEMENTAL APPROPRIATIONS FOR**  
**THE FISCAL YEAR ENDING JUNE 30, 1965, AND**  
**FOR OTHER PURPOSES**

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Printed for the use of the Committee on Appropriations







U.S. Congress. Senate. Committee on Appropriations.

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Bethesda, Maryland 20014

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# THE SUPPLEMENTAL APPROPRIATIONS BILL FOR 1965

FRIDAY, AUGUST 14, 1964

U.S. SENATE,  
COMMITTEE ON APPROPRIATIONS,  
*Washington, D.C.*

The committee met at 10 a.m., pursuant to call, in room S-128, U.S. Capitol, Hon. Carl Hayden (chairman of the committee) presiding.  
Present: Chairman Hayden, Senators Ellender, McClellan, Robertson, Holland, Pastore, Bartlett, Young, Allott, and Cotton.

## DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES

### FOREST SERVICE

FOREST PROTECTION AND UTILIZATION, FOREST LAND MANAGEMENT

STATEMENTS OF G. D. FOX, ASSOCIATE DEPUTY CHIEF, FOREST SERVICE; B. H. PAYNE, ASSOCIATE DEPUTY CHIEF, FOREST SERVICE; W. M. IRBY, JR., BUDGET OFFICER, FOREST SERVICE; M. R. PETERSON, MANAGEMENT ANALYST, FOREST SERVICE; HARRY B. WIRIN, DEPUTY DIRECTOR OF FINANCE, DEPARTMENT OF AGRICULTURE

#### FOREST SERVICE SUPPLEMENTAL REQUEST

Chairman HAYDEN. The committee will come to order.

The committee will consider fiscal year 1965 supplemental estimates transmitted to Congress in House documents numbered 318, 337, and 338. Clerks of the subcommittees will insert the various justifications at the appropriate place in the hearing record.

The first item we have is the U.S. Forest Service.

The Forest Service requests a supplemental appropriation of \$940,000 for forest land management. This sum is needed to repair, restore, and rehabilitate Forest Service improvements damaged and destroyed by floods last June in Montana and Idaho. The justification will be printed in the record.

(The justification referred to follows:)

JUSTIFICATION STATEMENT

*Forest protection and utilization, forest land management, 1965*

Appropriation to date.....	\$198,584,000
Request.....	940,000
Employment:	
Average number latest estimate for 1965.....	18,586
Average number involved this estimate.....	60
Estimated employment July 1, 1964.....	25,279

PROPOSED LANGUAGE

"For an additional amount for 'Forest protection and utilization', for 'Forest land management', \$940,000."

EXPLANATION OF LANGUAGE

This proposed supplemental appropriation of \$940,000 would be used to repair, restore, and rehabilitate numerous Forest Service improvements destroyed or damaged by disastrous floods which struck a large area within and adjacent to national forests in Montana and Idaho between June 8 and June 15, 1964.

PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

National forests in the northern region of the Forest Service have experienced the most severe floods in their history. Recorded rainfall varying from 2½ to 10½ inches falling on a heavy snowpack triggered the disaster. Ten national forests in Montana and Idaho suffered moderate to severe damage. The most critically damaged was the Lewis and Clark National Forest in Montana.

Three work centers and two cabins, including all of the facilities, were completely wiped out. Four ranger stations were flooded and two other work centers damaged. Three airfields used for fire and administrative work were damaged. Telephone lines, fire control structures, water systems, and various other administrative improvements sustained considerable damage. Tremendous debris jams resulted which will necessitate clearing of stream channels and stabilization of stream banks.

Need for improvement restoration and rehabilitation is critical. The lack of airfields, communications, and administrative and fire control improvements in the flooded area will seriously hamper fire control efforts and increase the fire risk. Uprooted trees, twisted in big jams in fishing streams, will create high fire hazard areas when hot weather dries out needles and branches. These streams also must be cleared of logjams before floods occur next spring to prevent downstream damage to bridges, abutments, and roads. Other land treatment measures must be taken to avoid further damage to lands and improvements. The ranger stations, work centers, and cabins must be rehabilitated to provide vital facilities to support essential public service such as fire detection and control, administration of timber sales, and management and care of recreation areas.

While considering the regular 1965 Department of Interior and related agencies appropriation bill, the conferees restored \$700,000 for construction of recreation-public use facilities, primarily for repairs in connection with this flood damage. This action was sustained by both Houses. All damaged recreation facilities will be restored with these funds. Thus, nothing is being included herein for this purpose.

*Justification for supplemental estimate, fiscal year 1965*

Project	Appropriation to date, 1965	Supplemental estimate, 1965	Revised total, 1965
National forest protection and management:			
Wildlife habitat management-----	\$3,624,000	\$136,500 (1)	\$3,760,500
Soil and water management-----	5,345,000	440,000 (2)	5,785,000
Structural improvements for fire and general purposes (construction and maintenance).	10,921,000	363,500 (3)	1,284,500

An increase of \$940,000 is needed to repair, restore, and rehabilitate Forest Service improvements damaged by the disastrous Montana-Idaho flood of June 1964. This increase would be used for national forest protection and management projects as follows:

*1. Wildlife habitat management, \$136,500*

This increase would be used to restore favorable fish habitat and feed conditions where flood waters severely scoured the streams. This work would consist of debris removal, channel clearing, installing riprap, or otherwise creating pools and resting spots on 21 of the most critically scoured stream areas. It is more economical and prudent to do this work at the same time equipment is in the area doing other restoration work.

*2. Soil and water management, \$440,000*

This increase would be used for stream channel restoration and clearing and stream bank soil stabilization on nine national forests. The flood left tremendous log and debris jams in many streams. About 43 miles of stream clearing must be accomplished to eliminate hazardous logjams at an estimated cost of \$110,000. Restoration of channels and stream bank stabilization (slides, washouts, etc.) must be accomplished on about 54 miles of stream to avoid further damage to lands and improvements. This work will cost about \$300,000. Some stream banks are extremely hazardous due to the undercutting by flood waters. Public notice has been given asking fishermen, hikers, and others in these areas to exercise extreme care near stream banks and warning of the possibility of bank sloughing. Some damage to 11 existing soil stabilization projects was experienced. An estimated \$30,000 is needed to restore these projects.

*3. Structural improvements for fire and general purposes (construction and maintenance), \$363,500*

This increase would be used to restore administrative structural improvements and facilities on six national forests as follows:

(a) Administrative and fire control improvements:

9 sewer and water systems-----	\$39,000
4 pastures and fences-----	20,640
1 office-----	23,500
1 garage-----	22,360
1 barn-----	13,480
5 cabins-----	27,520
14 miscellaneous small improvements-----	15,000

(b) 66 miles of telephone line----- 106,000

(c) 3 airfields----- 96,000

Total----- 363,500



*Program and financing*

	1965 presently available	1965 revised estimate	Increase
<b>Program by activities:</b>			
1. Forest land management:			
(a) National forest protection and management.....	\$134,512,000	\$135,452,000	\$940,000
(b) Fighting forest fires.....	5,000,000	5,000,000	-----
(c) Insect and disease control.....	10,602,000	10,602,000	-----
(d) Acquisition of lands.....	680,000	680,000	-----
Total, forest land management.....	150,794,000	151,734,000	940,000
2. Forest research.....	30,435,000	30,435,000	-----
3. State and private forestry cooperation.....	16,955,000	16,955,000	-----
Total program costs, funded <sup>1</sup> .....	198,184,000	199,124,000	940,000
Change in selected resources <sup>2</sup> .....	1,100,000	1,100,000	-----
Total obligations.....	199,284,000	200,224,000	940,000
Financing: Advances and reimbursements: Cooperative range improvements.....	-700,000	-700,000	-----
New obligational authority.....	198,584,000	199,524,000	940,000

<sup>1</sup> Includes capital outlay of \$42,800,000.<sup>2</sup> Selected resources as of June 30 are as follows:

	1964	1965
Stores.....	\$3,200,000	\$3,300,000
Unpaid undelivered orders.....	15,000,000	16,000,000
Advances.....	750,000	750,000
Total selected resources.....	18,950,000	20,050,000

*Object classification*

	1965 presently available	1965 revised estimate	Increase
<b>FOREST SERVICE</b>			
11 Personnel compensation:			
Permanent positions.....	\$85,498,000	\$85,498,000	-----
Positions other than permanent.....	25,136,000	25,436,000	\$300,000
Other personnel compensation.....	3,110,000	3,110,000	-----
Total personnel compensation.....	113,744,000	114,044,000	300,000
12 Personnel benefits.....	7,960,000	7,970,000	10,000
21 Travel and transportation of persons.....	6,560,000	6,595,000	35,000
22 Transportation of things.....	6,437,000	6,452,000	15,000
23 Rent, communications, and utilities.....	3,679,000	3,686,000	7,000
24 Printing and reproduction.....	1,330,000	1,333,000	3,000
25 Other services.....	13,162,000	13,512,000	350,000
Services of other agencies.....	3,225,000	3,225,000	-----
26 Supplies and materials.....	12,537,600	12,667,000	130,000
31 Equipment.....	5,713,000	5,743,000	30,000
32 Lands and structures.....	5,423,000	5,483,000	60,000
41 Grants, subsidies, and contributions.....	16,141,000	16,141,000	-----
Subtotal.....	195,911,000	196,851,000	940,000
Deduct quarters and subsistence charges.....	1,371,000	1,371,000	-----
Total, Forest Service.....	194,540,000	195,480,000	940,000
<b>ALLOTMENT ACCOUNTS</b>			
Total, allotment accounts.....	4,744,000	4,744,000	-----
Total obligations.....	199,284,000	200,224,000	940,000
Obligations are distributed as follows:			
Agriculture, Forest Service.....	194,540,000	195,480,000	940,000
Interior.....	1,244,000	1,244,000	-----
General Services Administration.....	3,500,000	3,500,000	-----

*Personnel summary*

	1965 presently available	1965 revised estimate	Increase
FOREST SERVICE			
Total number of permanent positions.....	13,837	13,837	-----
Full-time equivalent of other positions.....	6,276	6,336	60
Average number of all employees.....	18,489	18,549	60
Employees in permanent positions, end of year.....	13,488	13,488	-----
Employees in other positions, end of year.....	11,921	11,921	-----
ALLOTMENT ACCOUNTS			
Total number of permanent positions.....	27	27	-----
Full-time equivalent of other positions.....	70	70	-----
Average number of all employees.....	97	97	-----
Employees in permanent positions, end of year.....	26	26	-----
Employees in other positions, end of year.....	244	244	-----

## NEED FOR APPROPRIATION

Chairman HAYDEN. Will you please explain the situation which requires this appropriation?

Mr. Fox. Yes, sir. Senator Hayden, I have a statement here for the record. We will explain the need for this supplemental due to the flood situation which was without precedent in Montana.

The statement covers the needs for this supplemental in terms of the restoration work for the structures and the watershed protection, the cleaning out of debris from the streams, and the rehabilitation of certain structures that are included in this estimate. I submit the statement for the record.

(The statement referred to follows:)

NEED FOR SUPPLEMENTAL APPROPRIATION FOR NATIONAL FOREST STRUCTURES AND RESOURCE RESTORATION AS A RESULT OF THE JUNE 1964 FLOODS IN MONTANA AND IDAHO

Ten national forests suffered serious damages from the most severe floods in their history.

About 90 percent of this damage was to roads and trails (\$8.9 million). For fiscal years 1964 and 1965 an additional apportionment was received to obligate \$7.2 million for repair of this damage within authorizations already made by the Congress. The remainder of the road and trail damage is being deferred until fiscal year 1966.

This supplemental, therefore, is confined to \$940,000 for repair and restoration of items covered within the forest land management appropriation. Within that appropriation a total estimated damage of \$1,974,000 was sustained. To obtain prompt action in this emergency situation, a total of \$205,000 was used from fiscal year 1964 forest land management funds. About \$30,000 of this amount was in assisting in saving life and property from losses during the flood. Immediate attention was given to the more important items to meet temporary forest fire control improvement restoration needs. The Congress directed that repair of recreation facilities should be made from the regular fiscal year 1965 appropriations; \$350,000 was the amount of this damage. About \$82,000 additional is being expended on urgent restoration work from regular fiscal year 1965 funds. About \$397,000 represents deferral and cooperative financing anticipated. This leaves the \$940,000 for this supplemental which is about one-half the damage sustained from items in this appropriation.

Three work centers and two cabins, including all of the facilities, were completely wiped out. Four ranger stations were flooded and two other work centers damaged. Three airfields used for fire and administrative work were damaged. Telephone lines, fire control structures, water systems, and various other administrative improvements sustained considerable damage.



The flood left large debris jams, undercut banks, and scoured stream channels in numerous headwater streams above towns, agricultural lands, and reservoirs. If these streams are left untreated, they will continue to be a source of heavy sedimentation which will be deposited in downstream reservoirs and on farmlands, prevent recovery of the habitat for fishery purposes, and could trigger additional floods under near normal runoff conditions with the resultant threat to loss of life and property. The debris jams also constitute intolerable fire risks. They are situated at scattered and frequently hard to reach points at the bottom of the slopes. Fires will start easily and rapidly attain a rate of spread potential beyond the capability of suppression forces. Under these circumstances, a fire starting in just one of these debris jams would likely result in damaging forest fires where suppression costs alone might exceed the cost of the total treatment proposed.

Debris jams act as temporary dams. Water backs up behind them, then suddenly the jam breaks apart to release a surge of floodwater which triggers a series of failures at each similar spot in the channel below. The effect is to create flood behavior under normal runoff conditions.

Undercut banks, until stabilized, continue to erode which, together with sloughing of the steepened banks, contribute large quantities of sediment to the stream. The sediment then travels downstream to be deposited in reservoirs and on farmlands to which the streams are tributary. En route, the sediment-laden water destroys micro-organisms which are the food supply for fish and destroys the spawning capability of the stream channel.

The scoured stream channels greatly speed up the discharge of water from tributary lands thus creating rapid peaking of floodwaters in the main downstream channels. Permanently installed obstructions in the stream channels reduce the rate of flow, create small pools to catch suspended sediment, and to provide improved fish habitat.

This work, including the reseeding, should be done during the summer and early fall of 1964 to prevent further aggravation of conditions during next spring's high runoff period. The reduction of sediment and the development of pools and cover for fish would be incidental to the streambank and channel stabilization work. It can be most efficiently handled while the crews and equipment are in the area.

The work contemplated would not completely repair the damage. It will reduce the greatly increased fire hazard, reduce conditions which could contribute to serious flood damage under near normal runoff conditions, and put the area in condition for the natural healing process to begin.

#### COST OF FLOOD DAMAGE

Chairman HAYDEN. Your regular appropriation for forest land management is \$198,584,000. Except for recreation construction, are you able to absorb the cost of any of the flood damage?

Mr. Fox. Senator Hayden, in this statement I have included the amount of this total damage that we have been able to absorb. We absorbed some costs in the latter part of last fiscal year during and immediately after the flood and before the fiscal year 1965 appropriation was available.

In our regular appropriations your committee and the Appropriations Committee directed us to use \$350,000 of our regular appropriations this year for restoration of the recreation improvement damage.

This has been done. In addition, we absorbed some additional costs this fiscal year. For one airstrip the replacement will be a cooperatively financed project with the State aeronautical board and FAA. And then there will be some deferral until succeeding years.

What we have included here are items that we do not feel that we would be able to absorb this year without very considerable reprogramming from high priority projects.

Senator YOUNG. Mr. Chairman, may I ask a question?

These funds are solely for the purpose of repairing flood damage?

Mr. Fox. Yes.

Senator YOUNG. They are only for the purpose I stated?

Mr. Fox. Yes.

Senator YOUNG. What would you do?

RESTORATION OF STRUCTURES

Mr. PAYNE. There are three kinds of work primarily. One is restoration of structures.

Senator YOUNG. What kind of structures?

Mr. PAYNE. Replacement of structures.

Senator YOUNG. What kind of structures?

Mr. PAYNE. There were some ranger stations destroyed. Some water systems were washed out and the Spotted Bear Ranger Station including the water system and sanitary system were destroyed. There were some administrative cabins both within and outside the wilderness area. There was a work center on the Flathead Forest, a combination bunkhouse-office building and similar type structures.

Senator YOUNG. Mr. Chairman, perhaps we could have that list put in the record.

Chairman HAYDEN. Yes.

Mr. Fox. We will submit a list for the record.

(The list referred to follows:)

TYPES OF IMPROVEMENTS SUSTAINING DAMAGE AS A RESULT OF THE RECENT MONTANA FLOODS

1. STRUCTURAL IMPROVEMENTS FOR FIRE AND GENERAL PURPOSES

(a) Administrative and fire control improvements :

Sewer and water systems.....	9
Pastures, fences, and cattleguards.....	4
Office-bunkhouse combination building.....	1
Garage-warehouse combination building.....	1
Barn.....	1
Cabins.....	51
Miscellaneous small improvements.....	14

(b) Sixty-six miles of telephone line.

(c) Three airfields.

2. WILDLIFE HABITAT MANAGEMENT

(a) Projects required for restoration of fish habitat :

<i>National forests</i>	<i>Number of projects</i>	<i>National forests</i>	<i>Number of projects</i>
Clearwater.....	12	Lewis and Clark.....	2
Nezperce.....	12	Lolo.....	4
Flathead.....	6	Coeur d'Alene.....	1
Helena.....	5		
Kaniksu.....	6	Total.....	48

3. SOIL AND WATER MANAGEMENT

(a) Channel restoration, clearing, and bank stabilization :

<i>National forests</i>	<i>Number of miles</i>	<i>National forests</i>	<i>Number of miles</i>
Clearwater.....	6	Lewis and Clark.....	37
Nezperce.....	12	Lolo.....	3
Flathead.....	13	Coeur d'Alene.....	8
Helena.....	3		
Kaniksu.....	15	Total.....	97

(b) Restore existing soil stabilization projects previously installed:

<i>National forests</i>	<i>Number of miles</i>	<i>National forests</i>	<i>Number of miles</i>
Clearwater-----	2	Bitterroot-----	1
Lolo-----	1	Flathead-----	1
Kaniksu-----	1		
Coeur d'Alene-----	5	Total-----	11

DAMAGED AIRSTRIPS

Senator YOUNG. Does the airstrip belong to the Forest Service?

Mr. Fox. The three airstrips damaged belong to the Forest Service. The one on which the cooperative funds will be used is a nearby replacement. It will be a common use airfield. It is within the forest, on national forest land, but it makes it better for all of us and reduces the cost to get this cooperation.

Senator YOUNG. To whom does it belong now? Who is maintaining it?

Mr. Fox. This will be a joint operation we will be able to use it for every need the Forest Service will have. It will be on national forest lands.

Senator YOUNG. To whom does it belong now?

Mr. Fox. What there is there now belongs to the Forest Service.

Senator YOUNG. Do you maintain it?

Mr. Fox. Yes, just a strip.

Senator YOUNG. Will you improve it?

Mr. Fox. Yes.

Mr. PAYNE. With cooperative funds and with funds from this supplemental.

Senator YOUNG. Do you have no other funds that you can use for this purpose?

Mr. Fox. Senator, we do have funds in our regular appropriation which could be used for this type of work that we have justified before you in the Appropriations Committee for other items before this flood occurred.

To the extent of this item or to the extent of the entire \$940,000, if we meet that from our regular appropriations, it would mean delaying and deferring the high-priority projects which we justified in our testimony on the work which would be done with our fiscal year 1965 appropriations.

Senator YOUNG. That is all. Thank you, Mr. Chairman.

Chairman HAYDEN. Thank you, gentlemen.



DEPARTMENT OF THE INTERIOR

NATIONAL PARK SERVICE

ROOSEVELT CAMPOBELLO INTERNATIONAL PARK COMMISSION

STATEMENTS OF FRANK E. HARRISON, CHIEF, DIVISION OF LEGISLATION AND REGULATIONS; HAROLD G. SMITH, CHIEF OF PROGRAM COORDINATION; AND CARL O. WALKER, ACTING CHIEF OF BUDGET AND FINANCE

OPERATIONS AND DEVELOPMENT

Chairman HAYDEN. We will hear now from the National Park Service.

Mr. HARRISON. Mr. Chairman, I am Frank E. Harrison of the National Park Service.

Chairman HAYDEN. The National Park Service proposes an appropriation of \$155,000 to meet the U.S. share of operations and development during the first year of the Roosevelt Campobello International Park Commission. The park was authorized by Public Law 88-363, which will be included in the record.

(The public law referred to follows:)

PUBLIC LAW 88-363

88TH CONGRESS, H.R. 9740

JULY 7, 1964

AN ACT To establish the Roosevelt Campobello International Park, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Roosevelt Campobello International Park Act".*

SEC. 2. For the purposes of this Act:

(a) The term "Commission" means the Roosevelt Campobello International Park Commission.

(b) The term "United States members" means members of the Commission appointed by the President. The term "Canadian members" means members of the Commission appointed by the appropriate authorities in Canada.

SEC. 3. There shall be established, in accordance with the agreement between the Governments of the United States and Canada signed January 22, 1964, a joint United States-Canadian Commission, to be called the "Roosevelt Campobello International Park Commission," which shall have as its functions—

(a) to accept title from the Hammer family to the former Roosevelt estate comprising the Roosevelt home and other grounds on Campobello Island;

(b) to take the necessary measures to restore the Roosevelt home as closely as possible to its condition when it was occupied by President Franklin Delano Roosevelt;

(c) to administer as a memorial the Roosevelt Campobello International Park comprising the Roosevelt estate and such other lands as may be acquired.

Sec. 4. The Commission shall have juridical personality and all powers and capacity necessary or appropriate for the purpose of performing its functions pursuant to the agreement between the Governments of the United States and Canada signed January 22, 1964, which shall include but not be limited to the power and capacity—

(a) to acquire property, both real and personal, or interests therein, by gift, including conditional gifts whether conditioned on the expenditure of funds to be met therefrom or not, by purchase, by lease or otherwise, and to hold or dispose of the same under such terms and conditions as it sees fit, excepting the power to dispose of the Roosevelt home and the tract of land on which it is located;

(b) to enter into contracts;

(c) to sue or be sued, complain and defend, implead and be impleaded, in any United States district court. In such suits, the Attorney General shall supervise and control the litigation;

(d) to appoint its own employees, including an executive secretary who shall act as secretary at meetings of the Commission, and to fix the terms and conditions of their employment and compensation;

(e) to delegate to the executive secretary or other officials and to authorize the redelegation of such authority respecting the employment and direction of its employees and the other responsibilities of the Commission as it deems desirable and appropriate;

(f) to adopt such rules of procedure as it deems desirable to enable it to perform the functions set forth in this agreement;

(g) to charge admission fees for entrance to the park should the Commission consider such fees desirable; however, such fees shall be set at a level which will make the facilities readily available to visitors; any revenues derived from admission fees or concession operations of the Commission shall be transmitted in equal shares to the two Governments within sixty days of the end of the Commission's fiscal year, the United States share to be turned over to the appropriate Federal agency for deposit into the United States Treasury in accordance with the laws governing entrance fees received by the National Park Service;

(h) to grant concessions, if deemed desirable;

(i) to adopt and use a seal;

(j) to obtain without reimbursement, for use either in the United States or in Canada, legal, engineering, architectural, accounting, financial, maintenance, and other services, whether by assignment, detail, or otherwise, from competent agencies in the United States or in Canada, by arrangements with such agencies.

SEC. 5. (a) The Commission shall consist of six members, of whom three shall be the United States members and three shall be the Canadian members. The United States members shall be three persons appointed by the President, of whom one shall be selected from nominations which may be made by the Governor of the State of Maine. Alternates to United States members shall be appointed in the same manner as the members themselves. The United States members and their alternates shall hold office at the pleasure of the President. A vacancy among the United States members of the Commission or their alternates shall be filled in the same manner in which the original appointment was made. An alternate shall, in the absence of the member of the Commission for whom he is alternate, attend meetings of the Commission and act and vote in the place and instead of that member of the Commission.

(b) The Commission shall elect a Chairman and a Vice Chairman from among its members, each of whom shall hold office for a term of two years. The post of Chairman shall be filled for alternate terms by a Canadian and by a United States member. The post of Vice Chairman shall be filled by a Canadian member if the post of Chairman is held by a United States member, and by a United States member if the post of Chairman is held by a Canadian member. In the event of a vacancy in the office of Chairman or Vice Chairman within the two-year term, the vacancy shall be filled for the remainder of the term by special election in accordance with the foregoing requirements. The Vice Chairman shall act as Chairman in the absence of the Chairman.

(c) Four members of the Commission shall constitute a quorum for the transaction of business, but the affirmative votes of at least two United States members, or their alternates, and at least two Canadian members, or their alternates, shall be required for any decision to be made by the Commission.

SEC. 6. No compensation will be attached to the position of United States members of the Commission. United States members or their alternates shall be reimbursed by the Commission for travel expenses in accordance with section 5 of the Administrative Expenses Act of 1946, as amended, and the Standardized Government Travel Regulations.

SEC. 7. The Commission may employ both United States and Canadian citizens.

SEC. 8. The Commission shall hold at least one meeting every calendar year and shall submit an annual report to the United States and Canadian Governments on or before March 31 of each year, including a general statement of the operation for the previous year and the results of an independent audit of the financial operations of the Commission. The Commission shall permit inspection of its records by the accounting agencies of both the United States and Canadian Governments.

SEC. 9. The Commission shall maintain insurance in reasonable amounts, including, but not limited to, liability and property insurance. Such insurance may not cover the Commissioners or employees of the Commission except when sued by name for acts done in the scope of their employment.

SEC. 10. In an action against the Commission instituted in a district court of the United States, service of the summons and of the complaint upon the Commission shall be made by delivering a copy thereof to the United States attorney for the district in which the action is brought, or an assistant United States attorney, or to a clerical employee designated by the United States attorney to accept service in writing filed with the clerk of the court, and by sending a copy of the summons and of the complaint to the Commission by registered or certified mail.

SEC. 11. (a) The United States Government shall not be liable for any act or omission of the Commission or of any person employed by, or assigned or detailed to, the Commission.

(b) Any liability of the Commission shall be met from funds of the Commission to the extent that it is not covered by insurance, or otherwise. Property belonging to the Commission shall be exempt from attachment, execution, or other process for satisfaction of claims, debts, or judgments.

(c) No liability of the Commission shall be imputed to any member of the Commission solely on the basis that he occupies the position of member of the Commission.

SEC. 12. The Commission shall not be subject to Federal, State or municipal taxation in the United States on any real or personal property held by it or on any gift, bequest, or devise to it of any personal or real property, or on its income, whether from governmental appropriations, admission fees, concessions, or donations.

SEC. 13. For the purpose of Federal income, estate, and gift taxes, any gift, devise, or bequest to or for the use of the Commission, and accepted by the Commission under authority of this Act, shall be deemed to be a gift, devise, or bequest to or for the use of the United States, as the case may be, if it is not deducted as a gift, devise, or bequest to or for the use of the Government of Canada under the income, estate, or gift tax laws of the Government of Canada.

SEC. 14. There are hereby authorized to be appropriated to the Department of the Interior without fiscal year limitation such sums as may be necessary for the purposes of this Act and the agreement with the Government of Canada signed January 22, 1964, article 11 of which provides that the Governments of the United States and Canada shall share equally the costs of developing and the annual cost of operating and maintaining the Roosevelt Campobello International Park.

Approved July 7, 1964.

#### LEGISLATIVE HISTORY

House Report No. 1466 (Committee on Interior and Insular Affairs).

Senate Report No. 1097 accompanying S. 2464 (Committee on Foreign Relations.

Congressional Record, Vol. 110 (1964):

June 15: Considered and passed House.

June 23: Considered and passed Senate in lieu of S. 2464.

Chairman HAYDEN. Also, there will be placed in the record the statement submitted in justification of the budget estimate.



(The justification referred to follows:)

DEPARTMENT OF THE INTERIOR, NATIONAL PARK SERVICE

*Management and protection*

Appropriation to date.....	\$29,075,000
Obligations to July 31, 1964.....	( <sup>1</sup> )
Expenditures to July 31, 1964.....	( <sup>1</sup> )
Request (to remain available until expended).....	155,000
Employment:	
Average number, current appropriation.....	( <sup>1</sup> )
Number involved this estimate.....	0
Actual employment July 31, 1964.....	( <sup>1</sup> )

<sup>1</sup> Not available.

PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

The amount of \$155,000 is needed to provide the initial fund requirements for the Roosevelt Campobello International Park Commission to meet its responsibilities as authorized by the act of July 7, 1964 (Public Law 88-363, 78 Stat. 299). The amount covers one-half of the estimated cost of operations and development during the first year, as contemplated by the authorizing act and the agreement between the United States and the Government of Canada, signed January 22, 1964. The Commission is responsible for acceptance of title to the former Roosevelt estate, located on Campobello Island, New Brunswick, Canada, and for the administration, restoration, maintenance, and development of the estate and such other lands as may be acquired. The United States is to share equally with Canada the costs incurred by the Commission, and any revenue income derived from admission fees or concession operations. Section 14 of Public Law 88-363 authorizes the appropriation of necessary funds without fiscal year limitation.

CONTRIBUTION TO ROOSEVELT CAMPOBELLO INTERNATIONAL PARK COMMISSION

Public Law 88-363, approved July 7, 1964 (78 Stat. 299), authorized the establishment of the Roosevelt Campobello International Park, Charlotte County, New Brunswick, Canada. It also authorized a joint United States-Canadian Commission to be called the "Roosevelt Campobello International Park Commission," which will have as its functions to (1) accept title to the Roosevelt estate being donated by the Hammer family, (2) restore the Roosevelt home as closely as possible to its condition when it was occupied by President Franklin Delano Roosevelt, and (3) administer as a memorial the park, comprising the former Roosevelt estate and such other lands as may be acquired.

Three members of the authorized six-member Commission are to be appointed by the President of the United States. They will receive no compensation for their services. However, the act specifies that the U.S. members or their alternates shall be reimbursed by the Commission for travel expenses in accordance with section 5 of the Administrative Expenses Act of 1946, as amended, and the standard Government travel regulations. The act also authorized the appropriation of funds to the Department of the Interior, without fiscal year limitations, to cover the U.S. share (one-half) of the costs of developing, operating, and maintaining the park. This estimate is being submitted prior to the establishment of the Commission so that there will be no delay on the part of the U.S. Government in meeting the first year's fund requirement.

Based on the best information available, the total cost of operation for 1 year is estimated at \$50,000. This amount would provide for 10 permanent year-round positions consisting of a superintendent, a secretary, 5 guards, a maintenance man, and 2 custodial employees. It would also provide for four seasonal employees (two interpreters and two laborers). Additionally, it would provide for general expenses including personnel benefits, uniform allowances, travel, supplies, materials, and equipment.

The costs of developments are estimated at \$260,000, including \$15,000 for acquisition of land for a parking lot. The initial appropriation for the Commission should provide for the following rehabilitation and development projects,



including land acquisition for a parking lot, and funds are included in this estimate for these purposes:

Buildings:

Historical and architectural research.....	\$7, 500
Rehabilitation of historic structures (4) and removal of pier.....	25, 000
Public contact facility (including comfort station).....	35, 000
Installation of a central heating plant.....	27, 000

Subtotal, buildings..... 94, 500

Roads and trails:

Road relocation.....	50, 000
Parking area (200 cars).....	40, 000
Signs and markers.....	4, 000
Ground survey.....	1, 000

Subtotal, roads and trails..... 95, 000

Utilities:

Relocation of electric and telephone lines.....	3, 000
New sewage disposal facilities.....	10, 000
Development of additional water system.....	8, 000
Development of adequate storm drainage.....	1, 000

Subtotal, utilities..... 22, 000

Miscellaneous:

Fire detection and suppression facilities.....	30, 000
Furnishings and exhibits.....	3, 500

Subtotal, miscellaneous..... 33, 500

Acquisition of land: Land needed for parking lot..... 15, 000

Grand total..... 260, 000

U.S. Government share (50 percent)..... 130, 000

*Summary*

	Total estimated cost	U.S. share
Estimated annual cost of operating and maintaining the park.....	\$50, 000	\$25, 000
Estimated cost of land, rehabilitation, and developments.....	260, 000	130, 000
Total.....	310, 000	155, 000

*Program and financing*

[In thousands of dollars]

	1965 presently available	1965 revised estimate	1965 Increase
Program by activities:			
1. Management of park and other areas.....	23, 961	23, 961	
2. Forestry and fire control.....	1, 515	1, 515	
3. Soil and moisture conservation.....	205	205	
4. Park and recreation programs.....	2, 877	2, 877	
5. Concessions management.....	517	517	
6. Roosevelt Campobello International Park Commission.....		155	155
Total program costs, funded—obligations.....	29, 075	29, 230	155
Financing: New obligational authority (appropriation).....	29, 075	29, 230	155

*Object classification*

[In thousands of dollars]

	1965 presently available	1965 revised estimate	1965 Increase
41 Grants, subsidies, and contributions.....		155	155
No change in other objects.....	29, 075	29, 075	
Total obligations.....	29, 075	29, 230	155

Chairman HAYDEN. Please advise the committee of the proposed use of this fund.

## SHARING WITH CANADA

Mr. HARRISON. Mr. Chairman, the amount of \$155,000 is one-half of the expenses of operation and development estimated to be incurred during the first year as contemplated by the authorizing act and the agreement between the United States and Canada.

The United States is to share equally with Canada the cost incurred by the Commission and any revenue income derived from admission fees or concession operations.

Section 14 of the act authorized the appropriation of the necessary funds without fiscal year limitation.

Chairman HAYDEN. Will the U.S. funds be turned over to the Commission in a lump sum or in partial amounts?

Mr. HARRISON. Mr. Chairman, we anticipate turning over the amount in one lump sum to the Commission.

Chairman HAYDEN. Do you have any indication when the Canadian Government will make its share of funds available?

Mr. HARRISON. No. We do not, but we know that the legislation in Canada has been enacted. We want to be in a position to make the U.S. funds available just as soon as they are needed.

Chairman HAYDEN. That is the Canadian Parliament?

Mr. HARRISON. That is right, sir. We want to be in a position to turn over our funds when the Canadians are in a position to turn over theirs.

Chairman HAYDEN. Will the fund requirements for future years be less than the amount included in this estimate?

Mr. HARRISON. They will, sir, because this supplemental estimate covers some nonrecurring costs for development and rehabilitation. It is anticipated that future requests will be largely limited to operating costs.

Chairman HAYDEN. Are there any questions?

Senator YOUNG. Yes. Why was this not brought up in the regular budget requests? Is this an urgent matter?

Mr. HARRISON. Yes. I think the answer, sir, is the fact that this is a newly authorized park. The act of Congress which was passed on July 7, 1964, authorized this park and we want to be in a position to

contribute our U.S. share of the cost just as soon as the Commission is appointed and the donations are forthcoming for the property so that operations can begin.

#### STAFF REQUIREMENTS

Senator YOUNG. Will you need all these positions, 10 permanent year-round positions, consisting of a superintendent and a secretary, 5 guards, a maintenance man, and 2 custodial employees? These funds also provide for four other employees, two interpreters and two laborers.

Mr. HARRISON. Yes. The concensus is that the Commission will require this staff to operate the area.

Senator YOUNG. For the first year?

Mr. HARRISON. This is the estimate. Yes, sir. This was the recommendation of the joint study that was undertaken with the Canadians this past spring.

#### ASSUMPTION OF DUTIES

Chairman HAYDEN. When will the Commission assume its duties and when will it begin to be paid?

Mr. HARRISON. The Commission will assume its duties as soon as it is appointed, sir. The Commission members have not yet been appointed but such action is expected any day.

Senator YOUNG. What have the Canadians done?

Mr. HARRISON. The Canadians have joined with this country in signing an international agreement. The President of the United States and the Prime Minister of Canada are the signators to this agreement. That country has enacted legislation authorizing the Commission.

They will have equal membership on the Commission with this country.

Senator YOUNG. I think it is a good idea. I am wondering when the Canadians will appropriate the money to assume their share of it.

Mr. HARRISON. I am not prepared to say just when, Senator. We anticipate that there will be no delay in that. We were advised by the Canadians that they did not expect any difficulty.

Senator YOUNG. When does their Parliament meet again?

Mr. HARRISON. My understanding is that they have funds, contingency funds, that can be made available which will not require a special appropriation. This is our understanding from discussions which were had with the Canadians prior to the enactment of the legislation.

## REASON FOR LATE REQUEST

Senator ALLOTT. Are we talking about the Roosevelt Campobello International Park Commission?

Mr. HARRISON. Yes, sir.

Senator ALLOTT. I did not understand why, when this was authorized earlier, you did not bring this before us.

Mr. HARRISON. Senator, it was referred to the Senate Foreign Relations Committee; the bill was considered by that committee on the Senate side. On the House side, it was referred to the Interior Committee.

Senator ALLOTT. When was this authorized?

Mr. HARRISON. It was authorized, I believe, July 7, 1964.

## PRESENT STATUS OF APPROPRIATIONS

Senator ALLOTT. In your sheets here you show the amounts in thousands of dollars. You have the figure \$29,230 underneath that.

Mr. WALKER. This is the present status of our total management and protection appropriation, of which the \$155,000 supplemental estimate is included.

Senator ALLOTT. \$29,230,000 is your total appropriation request. You are asking for \$155,000 for our share of this, which means that the total cost will be \$310,000?

Mr. WALKER. That is right.

Senator YOUNG. Is this a 50-50 matching basis?

Mr. WALKER. Yes, sir; it is.



## HISTORICAL AND MEMORIAL COMMISSIONS

### BATTLE OF LAKE ERIE SEQUICENTENNIAL COMMISSION

Chairman HAYDEN. Now we will take up Historical and Memorial Commission.

Public Law 88-328 authorizes an appropriation of \$13,553 to meet the unfunded cost of the Battle of Lake Erie Sesquicentennial Celebration in 1963. The justification statement will be printed in the record.

(The justification referred to follows:)

#### HISTORICAL AND MEMORIAL COMMISSIONS

##### *Battle of Lake Erie Sesquicentennial Celebration Commission*

Appropriation to date.....	0
Request.....	\$13, 553
Employment :	
Average number, current appropriation.....	0
Number involved this estimate.....	0
Actual employment.....	0

#### PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

The amount of \$13,553 is required to meet expenses incurred by the Commission in carrying out its responsibilities in developing and executing plans for the celebration in September 1963, of the 150th anniversary of the Battle of Lake Erie. This was authorized by Public Law 87-883, approved October 24, 1962, as amended by Public Law 88-328, approved June 29, 1964.

#### JUSTIFICATION

Public Law 87-883 of October 24, 1962, authorized the establishment of the Battle of Lake Erie Sesquicentennial Celebration Commission to develop and execute suitable plans for the celebration in 1963, of the 150th anniversary of the Battle of Lake Erie, and provided that all expenditures of the Commission were to be made from donated funds only. Public Law 88-328 of June 29, 1964, amended the original legislation by including a provision authorizing the appropriation of funds not to exceed \$13,553.23 for paying expenses incurred in carrying out the provision of the act.

The celebration took place in September 1963. Expenses incurred by the commission total \$16,118 of which \$1,330 is being met from funds donated to the Commission and \$1,235 from contributions in kind or in direct payment of expenses incurred. Public Law 88-328 authorized the appropriation of \$13,553.23 to cover the remainder of the total cost incurred.

As required by section 4b of Public Law 87-883, approved October 24, 1962, a report of the activities of the Commission, including an accounting of funds received and expended, will be furnished to the Congress by the Commission after the funds requested herein have been appropriated and expended.

*Program and financing*

[In thousands of dollars]

	1963 actual	1964 estimate	1965 estimate
Program by activities: Planning the celebration (costs—obligations) (object class 25).....			14
Financing: New obligational authority (appropriation).....			14

Chairman HAYDEN. Will you explain the reason for this request?

BATTLE OF LAKE ERIE SESQUICENTENNIAL CELEBRATION

Mr. HARRISON. The Battle of Lake Erie Sesquicentennial Celebration Commission is not one of the usual activities of the National Park Service. However, as the Service is responsible for the accounting and expenditure phases involving donated funds, and would also be responsible for any funds which might be appropriated by the Congress, we are appearing on behalf of the Commission.

Public Law 87-883, approved October 24, 1962, authorized the establishment of the Commission to develop and execute suitable plans for the celebration in 1963 of the 150th anniversary of the Battle of Lake Erie, and provided that all expenditures of the Commission were to be made from donated funds only.

Public Law 88-328, approved June 29, 1964, amended the original legislation by including a provision authorizing the appropriation of funds not to exceed \$13,553.23 for paying certain expenses incurred in carrying out the provisions of the act.

CELEBRATION DATE AND COMPLETION OF WORK

The celebration took place in September 1963. Expenses which have been incurred by the Commission total \$16,118, of which \$1,330 is being met from funds donated to the Commission, and \$1,235 from contributions in kind or in direct payment of expenses incurred. The balance of \$13,553 which is proposed in this estimate is required to cover the remainder of the costs.

Chairman HAYDEN. Has the Commission completed its work?

Mr. HARRISON. It has with the exception of filing its final report, Senator. This, I believe, will have to be delayed until the final accounting is made of the fund.

Chairman HAYDEN. You don't know when that will be filed?

Mr. HARRISON. No. It will depend on the outcome of this appropriation request.

Chairman HAYDEN. Senator Young?

FUNDS ORIGINALLY TO BE DONATED

Senator YOUNG. This turned out to be a venture where we asked for donated funds and now we are winding up paying the bill.

Mr. HARRISON. That is correct. As originally authorized the Commission was to restrict itself to the use of donated funds. However, a recent act of Congress authorized an appropriation of \$13,553 because of the fact that the donations were not forthcoming and the Commission had incurred costs which it could not meet from the donations.

Senator YOUNG. When was the Act authorizing the Federal Government to pay these costs passed?

Mr. HARRISON. It was passed June 29, sir, 1964.

Chairman HAYDEN. Senator Holland.

#### ST. AUGUSTINE QUADRICENTENNIAL CELEBRATION

Senator HOLLAND. Mr. Chairman, I have no objection to this item at all, but I have noticed no interest on the part of the Department of the Interior in a financial way at all in the quadricentennial celebration at St. Augustine which is to take place next year. That will be the first quadricentennial in the history of our Nation.

We have repeatedly suggested that the Federal Government should take a financial interest in that. The State government of Florida has, the local government has. The Government of Spain is building a separate building for that purpose.

The Catholic Church has put a considerable amount of money in it. Why is there no interest in this matter on the part of the Department of the Interior which has a battle monument or a monument, a national monument, right there, which is participating very actively in the celebration because the monument is the old Spanish fort and appurtenant properties there in connection with the old fort. Why no interest on the part of the Department of the Interior?

Mr. HARRISON. Senator, may I ask Mr. Smith to reply to that question, sir?

#### CASTILLO DE SAN MARCOS NATIONAL MONUMENT

Mr. SMITH. Yes, sir. Senator, the National Park Service included in its 1965 budget, which has recently been appropriated, the amount of \$268,200 for improvements in the Castillo de San Marcos National Monument, and most of this work has been expedited because of the anniversary year.

Senator HOLLAND. I understand you took advantage of the fact that the Quadricentennial Commission was present to complete certain programs that you had underway a long time.

I was very glad to help you in those projects. So far as participation in the celebration, itself, I haven't heard of very active interest on the part of the Department of the Interior. I am disappointed at that fact.

#### AUTHORIZATION FOR QUADRICENTENNIAL

Mr. HARRISON. I know, Senator, that the legislation authorizing the Quadricentennial Commission, like the first authorization for the Lake Erie Sesquicentennial Commission, prohibited the use of appropriated funds to the Commission. This is why, of course, we have not expended any Federal funds for the use of the Commission, itself.

Senator HOLLAND. What about for the participation of the Federal Government in the quadricentennial celebration? The Commission does not want to control the funds. It wants the Department of



the Interior to show some interest in the celebration and to really participate in an active way in that celebration.

Mr. HARRISON. I am sure that the Park Service wants to and will participate to the extent of its authority. Of course, as Mr. Smith has indicated—

Chairman HAYDEN. What you are saying is that Congress has not authorized any expenditure for that purpose.

Mr. HARRISON. That is right, for the purpose of the Commission.

Senator HOLLAND. I understand that, Mr. Chairman. But the fact is that there has been precious little interest shown in the program. I have been unable to understand it because it is the most meaningful program and the most ancient which has been inaugurated and it has had such great support from, as I say, the Spanish Government and the Catholic Church, the State of Florida, the local government, and various other agencies, that I haven't understood the attitude of the Department of the Interior because they should take a very active part it seems to me in securing funds which they don't need to have appropriation for, an authorization for, as to their own participation in it.

The question is whether they are going to participate very actively in it, themselves. I haven't noted any great interest in so doing although I have noted a great deal of interest in using this occasion to perfect your plans for the development of the monument program by acquisition of lands and in other ways.

What I want is to see the Department show some real interest in this celebration.

Mr. HARRISON. Thank you Senator. I feel sure that it will.

#### DATE OF CELEBRATION

Senator HOLLAND. The time is very short, you know.

Mr. HARRISON. Yes, sir.

Senator HOLLAND. This celebration takes place next year. The restoration of buildings there in which the Federal Government has not had any part has gone ahead in a great way.

The building of the Spanish exhibit building, the activities of the Catholic Church, the activities of the local and State governments, they have all moved ahead.

I have not heard of any great activity on the part of the Department of the Interior which is the actual operating agency so far as the old fort and the appurtenant properties are concerned.

I hope you will show some real activity and participate in the centennial program in a much more active way than has yet been evidenced. You don't need to have a separate authorization for that.

Mr. HARRISON. Senator, I assure you that I will report this to the proper people, sir.

Chairman HAYDEN. Thank you, gentlemen.

#### BATTLE OF NEW ORLEANS SESQUICENTENNIAL CELEBRATION COMMISSION

Senators Ellender and Long have addressed a letter to Senator Pastore as chairman of the subcommittee on supplemental appropriations asking that \$25,000 be appropriated for the Battle of New Orleans Sesquicentennial Celebration Commission. I will include this letter in the record, as well as a statement forwarded to me by Senator Long.

(The letter and statement referred to follow:)

U.S. SENATE,  
COMMITTEE ON AGRICULTURE AND FORESTRY,  
July 30, 1964.

HON. JOHN O. PASTORE,  
*Chairman, Subcommittee on Deficiencies and Supplementals,  
Committee on Appropriations, U.S. Senate.*

DEAR SENATOR: As you may perhaps know, the States of Louisiana, Mississippi, Tennessee, and Kentucky will celebrate the sesquicentennial anniversary of the Battle of New Orleans during the coming December and January.

The Senate Interior Committee has approved S. 1909 authorizing \$25,000 to be appropriated for this Sesquicentennial Celebration Commission and it is now on the Senate Calendar. We are hopeful that it will be taken up by the Senate within the next few days, passed and sent to the House of Representatives, where we are assured of early action. With this in mind, we would like to urge that the appropriation for this commission be included in the supplemental appropriations bill which you and your subcommittee will consider in the near future.

Thanking you and with best wishes, we are,  
Sincerely,

ALLEN J. ELLENDER,  
*U.S. Senator.*

RUSSELL B. LONG,  
*U.S. Senator.*

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STATEMENT OF SENATOR RUSSELL B. LONG OF LOUISIANA

Mr. Chairman, recently the Senate authorized a contribution of \$25,000 by the Federal Government toward helping defray the expenses of the celebration of the sesquicentennial of the Battle of New Orleans at New Orleans on January 8, 1965. This amount represents only a small portion of the expenses of this historic event, the major portion of it being contributed by the State of Louisiana, the city of New Orleans, business and civic leaders of Louisiana, and other States that were represented in the Battle of New Orleans. I am happy to say that the committee is far advanced in its work on a week-long program and an excellent schedule of events to commemorate this occasion properly has been arranged.

In my opinion, Mr. Chairman, the Battle of New Orleans is one of the significant events in the history of America. Many of our historians feel that it was of even greater significance to the future of this country than the Monroe Doctrine. We feel that the proper celebration is most appropriate at this stage of our Nation's history and the Federal Government's contribution should bring ample returns.

I am attaching budget information prepared by the finance committee of the centennial which is self-explanatory and which indicates that the Federal Government's contribution requested at this time will take care of all the expenses of this event and there will be no further requests to the Federal Government. It will be appreciated if you will arrange to include the sum of \$25,000 in the supplemental appropriation bill in order that it will be available to the commission which was appointed by an act of Congress. Since the event will be held on January 8, 1965, it would be too late to effectively furnish this amount in an appropriation next year.

*Budget for the celebration of the sesquicentennial anniversary of the Battle of  
New Orleans, January 1965*

1. Overall cost for all programs-----	\$15,000
2. Office in Washington, D.C., for chairman of commission-----	10,000
3. Office in New Orleans, La., for chairman of executive committee----	10,000
4. Transportation, housing, etc., for English guests-----	10,000
5. Housing of distinguished guests from United States-----	10,000
6. Public relations, including necessary printing-----	35,000
7. School essays-----	5,000
8. Official travel and expenses-----	9,500
9. Contingent-----	19,800
Total-----	124,300

BUREAU OF SPORT FISHERIES AND WILDLIFE

STATEMENTS OF LANSING A. PARKER, ASSOCIATE DIRECTOR; AND  
W. E. CORBIN, ASSISTANT DIRECTOR, ADMINISTRATION, BUREAU  
OF SPORT FISHERIES AND WILDLIFE

SUPPLEMENTAL APPROPRIATION REQUEST

Chairman HAYDEN. We will hear from the Bureau of Sport Fisheries and Wildlife.

The Bureau of Sport Fisheries and Wildlife requests a supplemental appropriation of \$1,050,000. Of this amount \$900,000 is to replace a permanent appropriation for oil royalties, and \$150,000 is for pesticides registration. The justification will be placed in the record.

(The justification referred to follows:)

BUREAU OF SPORT FISHERIES AND WILDLIFE

*Management and Investigation of Resources, 1965*

Appropriation to date-----	\$33, 810, 000
Request (for 10 months from Sept. 1, 1964)-----	\$1, 050, 000
Employment:	
Average number, current appropriation-----	3, 188
Number involved this estimate-----	59

PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

An amount of \$1,050,000 is requested, \$900,000 of which is for the administration of wildlife resources activity and \$150,000 is for a pesticide registration activity.

The \$900,000 is requested to replace the loss of oil revenues under the management of national wildlife appropriation which provides supplemental financing for the administration of wildlife resources activity under the management and investigation of resources annual appropriations.

The \$150,000 is requested to initiate a new activity, pesticides registration, and is to carry out the President's desires to implement the recommendations in the report, "Use of Pesticides," which was prepared by his Science Advisory Committee.

JUSTIFICATION

*Administration of wildlife resources, \$900,000.*—This supplemental estimate of \$900,000 is needed because of a loss of oil revenues in 1964 from the Delta National Wildlife Refuge.

Seventy-five percent of net refuge revenue under 16 U.S.C. 715s is appropriated in the subsequent year by 64 Stat. 693-694 for management of national wildlife refuges and law enforcement. This supplements annual appropriations for these purposes in the management and investigations of resources appropriation, administration of wildlife resources activity. The President's budget for 1965, as appropriated, includes the following amounts from these sources of funds.



*Administration of wildlife resources*

	Wildlife refuges	Management and enforcement	Total
Management and investigations of resources.....	\$10,006,000	\$3,288,000	\$13,294,000
Permanent appropriations from national wildlife refuge receipts.....	1,438,800	479,200	1,918,000
Total.....	11,444,800	3,767,200	15,212,000

Included in the above \$1,918,000 total from permanent appropriations from national wildlife refuge receipts is an amount of \$900,000 representing 75 percent of an estimated \$1,200,000 in oil royalties to have been deposited in 1964 from operations at the Delta National Wildlife Refuge. On March 3, 1964, the Fifth Circuit Court of Appeals rendered a decision in the action entitled *The Leiter Minerals, Inc., v. United States, et al.*, No. 19963, which held that the United States is not entitled to the oil royalties accruing on the Delta Refuge because the mineral rights on these lands were not actually conveyed to the United States in the absence of an express provision in the deed meeting the requirements of State law. Judgment has not been rendered by the court and the Department of Justice filed a petition for rehearing en banc in the Fifth Circuit Court of Appeals on June 23, 1964. In view of the decision, however, the oil company has not made any royalty payments to the Government since February 28, 1964 (after \$875,000 of the estimate of \$1,200,000 for the year had been deposited). Furthermore, the decision prevents the use of the revenues actually deposited for purposes of the Government.

The loss of \$900,000 to the Bureau's administration of wildlife resources activity must be covered by a supplemental appropriation of this amount to avoid a crippling blow to the program. The responsibility of the Government to restore populations of migratory waterfowl that were decimated by droughts of recent years has been recognized not only in increases in appropriations for these purposes over the last several years, but also by the act of October 4, 1961 (16 U.S.C. 715k-3-5) which provides for advances from the Treasury for the accelerated acquisition of wetlands for waterfowl. The appropriations for fiscal year 1965 provided for only the most urgent needs of the refuge program, including an increase of \$863,573 of which \$100,400 was for pay costs and \$763,173 was for program purposes. This program increase is largely uncontrollable and included \$106,881 for wage board and employees compensation payments, \$229,173 for increased protection of refuge areas, and better handling of visitors, and \$427,119 for management of eight new refuges and waterfowl production areas in the State of Nebraska.

*Pesticides registration, \$150,000.*—This supplemental estimate of \$150,000 and eight permanent positions will implement the recommendations in the report, "Use of Pesticides," of the President's Science Advisory Committee.

VI. Recommendations of the report states under B-4 the following:

That: "The Secretaries of Agriculture, Interior, and Health, Education, and Welfare review and define their roles in the registration of pesticides that are not present on food, but that may impinge on fish and wildlife or come into intimate contact with the public." In accordance with this recommendation, the three Secretaries signed a formal agreement for the interdepartmental coordination of activities relating to pesticides. The Department of Interior's responsibility has been placed in the Fish and Wildlife Service, Bureau of Sport Fisheries and Wildlife.

The widespread use of certain types of pesticidal chemicals has created a new kind of environmental pollution. The chemical stability of some of these products has resulted in pesticidal residues in soils and waters. The tendency of many of these toxicants to persist for long periods and to concentrate in fish and wildlife food organisms has caused acute or chronic poisoning of fishes, birds, and mammals. Mortality of this nature is likely to become increasingly serious as more land and water areas of the country are subjected to treatments

by such pesticidal materials and as the accumulative effects of these chemicals build up in areas subjected to repeated treatment.

Pesticide applications sometimes are the only immediate answer to serious economic or health problems. However, to safeguard the valuable fish and wildlife resources of the Nation, a careful review of the various chemicals must be made and well defined application instruction developed.

A pesticides review staff will be engaged primarily in reviewing referrals from the Department of Agriculture of applications for label registration of chemicals under the Federal Insecticide, Fungicide, and Rodenticide Act. This review will determine the actual or potential hazards to fish and wildlife from the proposed use of the chemical. A report will be prepared to the Department of Agriculture recommending the approval or disapproval of the application or essential changes in the labeling of the product so that fish and wildlife resources may be given maximum protection while the beneficial uses of pesticides are realized. To a similar but lesser extent the staff will assist and advise the Food and Drug Administration in establishing tolerances.

The staff will be composed of senior scientists who have intimate knowledge of research and research results but they will not be involved in any way with the conduct of the research in performing their duties. Research, per se, deals with the actual or predictable results of known, measurable factors in a definite set of circumstances; for example, the effects on an animal of ingestion of a definite quantity of a chemical over a specified period. The practical application of the results of research often, as in the case of the work of the pesticides review staff, becomes a judgment matter dealing with a large number of variables which must be presupposed, but cannot be precisely measured. For example, what are the possible results of the use of a particular chemical in varying amounts in scattered environments during different seasons. Such judgments cannot be empirical; they must be intuitive and call on a store of knowledge in many fields and past experience. The problem must be considered as it relates to a complex, natural environment, not as it exists in the laboratory under controlled conditions.

Thus, the scientists must evaluate, under the agreement for "interdepartmental coordination of activities relating to pesticides," the toxicities and potential hazards of such pesticide chemicals to different species of fish and wildlife, and recommend to the other departments such limitations in their proposed manner of use as are deemed necessary to prevent injury to fish and wildlife resources.

#### *Program and financing*

[In thousands of dollars]

	Presently available, 1965	Revised estimate, 1965	Increase
Program by activities:			
4. Administration of wildlife resources.....	13, 294	14, 194	900
9. Pesticides registration.....		150	150
All other activities.....	20, 516	20, 516	-----
Total program costs, funded-obligations.....	33, 810	34, 860	1, 050
New obligational authority: Appropriation.....	33, 810	34, 860	1, 050

*Object classification*

[In thousands of dollars]

	1965 presently available	1965 revised estimate	Increase
11 Personnel compensation:			
Permanent positions.....	18,599	18,940	341
Positions other than permanent.....	1,900	1,999	99
Other personnel compensation.....	343	361	18
Total personnel compensation.....	20,842	21,300	458
12 Personnel benefits.....	1,648	1,683	35
21 Travel and transportation of persons.....	1,643	1,693	50
22 Transportation of things.....	204	219	15
23 Rent, communications, and utilities.....	790	831	41
24 Printing and reproduction.....	265	265	-----
25 Other services.....	1,333	1,439	106
Services of other agencies.....	501	519	18
26 Supplies and materials.....	4,314	4,558	244
31 Equipment.....	2,070	2,126	56
32 Lands and structures.....	425	452	27
42 Insurance claims and indemnities.....	5	5	-----
Unvouchered.....	25	25	-----
Subtotal.....	34,065	35,115	1,050
Deduct quarters and subsistence charges.....	255	255	-----
Total obligations, Bureau of Sport Fisheries and Wildlife.....	33,810	34,860	1,050

*Personnel summary*

	Presently available, 1965	Revised estimate, 1965	Increase
Total number of permanent positions.....	2,718	2,760	42
Full-time equivalent of other positions.....	497	515	18
Average number of all employees.....	3,188	3,247	59
Employees in permanent positions, end of year.....	2,648	2,687	39
Employees in other positions, end of year.....	731	752	21

## STATEMENT OF LANSING A. PARKER, ASSOCIATE DIRECTOR

Chairman HAYDEN. Do you have a statement?

Mr. PARKER. I have a short statement. If you want me to read it I will be happy to.

Chairman HAYDEN. You may introduce yourself and do that if you wish.

Mr. PARKER. I am Lansing A. Parker, Associate Director of the Bureau of Sport Fisheries and Wildlife. I have with me Mr. Corbin who is Assistant Director for Administration. The supplemental estimate of \$1,050,000 for the "Management and investigations of resources" appropriation covers two activities: "Administration of wildlife resources" and a new one, "Pesticides registration."

An amount of \$900,000 is needed to replace the loss of revenue from the Bureau's 75-percent share of \$1,200,000 in oil royalties. The \$900,000 was included in the budget for 1965. These royalties are normally credited to refuge receipts of which 75 percent is made available as supplemental financing for the national wildlife refuge and law enforcement programs.



## APPEALS COURT DECISION ON OIL ROYALTIES

The Fifth Circuit Court of Appeals rendered a decision which held that the United States is not entitled to the oil royalties accruing on the Delta Refuge. The Department of Justice filed a petition for rehearing but in view of the decision, the oil company has not made any royalty payments to the Government since February 28, 1964, and the royalties actually deposited before then cannot be used.

The Bureau's appropriations for 1965 provided for only the most urgent needs and this supplemental appropriation of \$900,000 is essential to avoid a crippling blow to the refuge program. No new positions are being proposed as 34 positions included in the President's budget for the permanent appropriation will now be transferred to the annual appropriation.

## PERSONNEL NEEDS

An amount of \$150,000 and eight permanent positions are needed for the initiation of a new activity, "Pesticides registration." This amount will implement the recommendations in the report, "Use of Pesticides," of the President's Science Advisory Committee.

The Secretaries of Agriculture, Interior, and Health, Education, and Welfare signed a formal agreement for the "Interdepartmental coordination of activities relating to pesticides." The Bureau's responsibility under the agreement is to review the pesticide applications presented for registration to determine the toxicities and potential hazards of such pesticide chemicals to different species of fish and wildlife and recommended to the Agricultural Research Service and Food and Drug Administration such limitations in the registration procedure as are deemed necessary to prevent injury to fish and wildlife resources.

That concludes my statement, Mr. Chairman. I will be happy to answer any questions, sir.

Chairman HAYDEN. In the event that the court decision is overturned and the royalties become available, will they be placed in the Treasury or would they become a permanent appropriation.

Mr. PARKER. They will be placed in the Treasury and credited to the account and would then be appropriated by the Congress in the next fiscal year.

## STATUTORY AUTHORITY FOR DEPARTMENT

Chairman HAYDEN. What is the statutory authorization for the Interior Department participation in pesticide registration activity?

Mr. PARKER. Well, there are two or three authorizations that bear on it generally. There is no specific authorization for this activity.

However, the Reorganization Act of 1956 outlined in broad terms the area of responsibility in this field and an earlier act, the Fish and Wildlife Coordination Act, is rather specific in providing for cooperation in areas of this kind. The Federal Insecticide, Fungicide, and Rodenticide Act also provides for this type of cooperation.

CHAIRMAN HAYDEN. Are there any questions?

## QUESTION OF EMERGENCY

Senator YOUNG. Why is this \$900,000 item an emergency? Why don't you bring this up as a regular budget request?



Mr. PARKER. Senator Young, this is the \$900,000 that was included in the 1965 budget. Subsequently, the court has ruled that we are not entitled to these oil revenues and we had contemplated that we would be needing them for the regular activities in 1965.

In other words, we financed our 1965 budget from two accounts, the direct appropriations plus the receipts from the sale of products from refugees, this is a part of that latter account.

Senator YOUNG. What is the date of that court decision?

Mr. PARKER. March 3, 1964.

Senator YOUNG. Why didn't you bring this up in your regular budget?

Mr. PARKER. This happened after you folks had had a chance to consider the regular budget in 1965. This will not increase the budget at all. We are simply asking for funds that we had contemplated we were going to get from the oil royalties.

Senator YOUNG. You are asking \$150,000 for the pesticide registration, I thought you had this kind of program earlier.

#### RESEARCH PROGRAM ON PESTICIDES

Mr. PARKER. What you are thinking of is a research program to determine the effects of pesticides on fish and wildlife. This activity will assist the Department of Agriculture in appraising the applications for pesticide registration using the results of the research that we have done.

It is a judgment factor of whether the application, labeling and all, will adequately protect fish and wildlife resources. It is a service that we will be rendering in the registration of pesticide applications.

Senator YOUNG. This is an important program. This problem has been with us for quite a while. I was simply wondering why this request is just now coming before us.

Mr. PARKER. It is only recently that the three departments have been able to get together on an agreement to implement this particular part of the President's Committee on Pesticides.

Senator YOUNG. It is almost worth the \$150,000 to get the departments together.

#### GROWTH IN PESTICIDE INDUSTRY

Mr. PARKER. We are doing pretty well, Senator Young. To give you some idea of the problem, currently there are in the neighborhood of 400 to 500 pesticide applications presented per week and some 40 to 50 new chemicals every year that must be looked at to determine what effect there will be on fish and wildlife.

Senator YOUNG. You have some new devices to determine the amount of residue, too.

Mr. PARKER. Yes, sir. This is the result of research. Analysis methods have become much more refined.

Senator HOLLAND. The actual registration duty is on the Department of Agriculture.

Mr. PARKER. Exactly.

## WORK OF DEPARTMENT

Senator HOLLAND. Exactly what do you contribute?

Mr. PARKER. We will contribute a review of the material that is submitted with the application in an attempt to evaluate the effects of the chemical on fish and wildlife where it will be used under the direction as proposed on the label. We will then advise Agriculture of our recommendations concerning the registration of the chemical.

Senator HOLLAND. Does the law require that the Department of Agriculture has to have that service rendered by you?

Mr. PARKER. The law does not require it. The law makes provision for the Department of Agriculture to do it if it desires; yes, sir.

Senator HOLLAND. But the duty and the responsibility of registration is on the Department of Agriculture.

Mr. PARKER. Exactly.

Senator HOLLAND. All right.

Chairman HAYDEN. If there are no further questions, thank you.

Mr. PARKER. Thank you.

## BERLIN NATIONAL FISH HATCHERY

Chairman HAYDEN. On August 4, 1964, Senator McIntyre wrote to me with regard to the continued need for funds to renovate the Berlin National Fish Hatchery. Funds for this purpose were approved by the Senate at the time the fiscal year 1965 Interior Department appropriation bill was under consideration, but the item was lost in conference with the House. Senator McIntyre's letter will be included in the record as well as a statement of the funds needed which has been prepared by the Bureau of Sport Fisheries and Wildlife.

(The letter and statement referred to follow:)

U.S. SENATE,  
COMMITTEE ON GOVERNMENT OPERATIONS,  
August 4, 1964.

HON. CARL HAYDEN,  
*Chairman, Appropriations Committee,*  
*U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: AS you know, I was extremely disappointed when the appropriation of \$203,600 for the Berlin National Fish Hatchery, which is located approximately 14 miles northwest of the town of Berlin, N.H., was stricken in conference from the appropriations for the Department of the Interior for fiscal year 1965. In view of the urgent need for this development program, I should like to propose that the committee include this \$203,600 item in the supplemental appropriations for fiscal year 1965 when it is brought up for consideration.

This hatchery, which was first established in 1921 as a substation of the St. Johnsbury, Vt., Hatchery, has never been fully developed. Existing facilities are overcrowded and inadequate to meet the needs of the large, heavily fished New England area which it supplies, including parts of Maine and Vermont as well as New Hampshire. This area is undergoing a period of rapid recreational development and large numbers of legal-sized trout must be released annually in order to maintain satisfactory angler returns.

The present raceways which range in age from 13 to 32 years are badly deteriorated. Intakes are also badly deteriorated and readily clogged by debris. The present water supply is inadequate for efficient fish-cultural practices. Pre-

liminary well testing indicates that water of proper quality and temperature can be obtained from well sources. With new wells and other improvements, it is estimated that production at the hatchery would nearly double—reaching in excess of 100,000 pounds of trout annually.

The severe weather conditions during the winter and the isolated location of the station necessitates additional housing quarters for permanent personnel. In view of the fact that the hatchery is attracting an increasing number of visitors, public facilities such as restrooms, a picnic area, and an exhibit or display room have been proposed for the use of the general public.

I am enclosing a breakdown of the total estimated cost of the program for fiscal year 1965, which has been prepared by the Fish and Wildlife Service, along with some photographs depicting the present condition of existing facilities.

In view of the imperative need for these developments at the Berlin National Fish Hatchery, I would urge that the committee provide funds in the amount of \$203,600 for this very desirable program in the supplemental appropriations for fiscal year 1965.

With appreciation and best wishes.

Sincerely,

TOM MCINTYRE, *U.S. Senator.*

*Funds needed for the program*

Replace hatchery raceways with 16 (5 by 50 feet)-----	\$37,000
Replace intake structures (2)-----	10,000
Drill wells (3) including test wells-----	22,000
Pipeline from wells to hatchery area-----	10,000
Replace 2 residences with garages-----	40,000
Two additional residences with garages-----	40,000
Public restrooms with water supply and sewage-----	8,000
Renovate spawning house and equip with aquaria and exhibits for public visitation-----	6,000
Domestic water supply and sewage-----	8,000
Resurface roads-----	13,000
Landscaping-----	5,000
Picnic area-----	3,000
Equipment-----	1,600
Total estimated cost of the program-----	<u>203,600</u>

BUREAU OF COMMERCIAL FISHERIES

STATEMENT OF HAROLD E. CROWTHER, DEPUTY DIRECTOR,  
BUREAU OF COMMERCIAL FISHERIES

FISHERY LOAN FUND—ADMINISTRATIVE EXPENSES

Chairman HAYDEN. We will hear from the Bureau of Commercial Fisheries on the fishery loan fund—administrative expenses.

Increased activity in the fishery loan fund program which resulted from the Alaskan earthquake and tidal wave of last March causes a need for a \$25,000 increase in the limitation on the amount available for administrative expenses. The justification will be placed in the record.

(The justification referred to follows:)

BUREAU OF COMMERCIAL FISHERIES

*Fishery loan fund (limitation on administrative expenses)*

Appropriation to date.....	\$277,000
Request (increase in administrative expense limitation for 10 months from Sept. 1, 1964).....	\$25,000
Employment:	
Average number, current appropriation.....	21
Number involved this estimate.....	1

PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

The \$25,000 is needed in the limitation on administrative expenses for this fund in order to meet the increased loan program activity due to the Alaska earthquake and tidal wave of last March. Enactment of the Commercial Fisheries Research and Development Act of 1964 (Public Law 88-309) authorizes the Secretary to make loans from available funds to commercial fishermen for chartering vessels until June 30, 1966. This will provide immediate relief pending reconstruction of the Alaskan commercial fishing fleet. The increased loan activity, already realized and anticipated, increases the necessary administrative functions to an extent where additional funds are required.

*Justification*

	Presently available, 1965	Revised estimate, 1965	Increase
Administrative expense limitation.....	\$277,000	\$302,000	\$25,000

An increase of \$25,000 is needed in the limitation on the amount of funds available for the fisheries loan program that may be expended for administration of the program, including the processing of loan applications, closing of loans and the collection of repayments and interest. The need for an increase in the limitation is attributable to the very significant and unforeseeable increase in activity in the fisheries loan program resulting from (1) enactment of the Commercial Research and Development Act of 1964 (Public Law 88-309), and (2) the Alaska earthquake and tidal wave that followed.



Section 9 of the Commercial Fisheries Research and Development Act of 1964 amends section 4 of the Fish and Wildlife Act of 1956, as amended (creating the fisheries loan fund) by adding a new subsection which authorized the Secretary to make loans from available funds to commercial fishermen for the purpose of chartering fishing vessels. These loans would be available to commercial fishermen pending the construction or repair of vessels lost, destroyed, or damaged by the Alaska earthquake and tidal wave until June 30, 1966, to provide immediate relief to the Alaska fishery. Furnishing information concerning this program; and processing, closing and servicing the loan applications received will involve additional costs for travel, communications and other general expenses.

During the period from March 27, when the Alaska earthquake occurred, and August 4, 81 applicants (\$1,350,000) for loans to replace or repair lost or damaged fishing vessels were received. Since many applicants are deferring the submission of their applications until their insurance problems are settled, many more applications are anticipated. In order to process, close, and service these applications additional personnel are needed in Alaska. Additional travel funds will be required, to provide temporary assistance to that area from other regions and the central office, as well as provide for additional travel within the region in connection with closing and servicing of these loans. One additional professional employee will be required.

Loans, and all expenses connected with administering these loans, are paid from the fund and principal and interest collected are paid into the fund. During the last 3 fiscal years, interest paid into the fund has exceeded expenses paid from the fund.

*Program and financing*

	1965 estimate, presently available	1965 revised estimate	1965, increase (+) or decrease (-)
<b>Program by activities:</b>			
Operating costs, funded: Administrative expenses (total).....	277,000	302,000	+25,000
Capital outlay: Loans made (total).....	1,000,000	2,000,000	+1,000,000
Total program costs, funded.....	1,277,000	2,302,000	+1,025,000
Change in selected resources <sup>1</sup> .....			
Total obligations.....	1,277,000	2,302,000	+1,025,000
<b>Financing:</b>			
Revenue and other receipts:			
Loans repaid.....	1,847,000	2,000,000	+153,000
Revenue.....	430,000	430,000	
Total revenue and other receipts.....	2,277,000	2,430,000	+153,000
Unobligated balance brought forward.....	6,488,000	6,488,000	
Unobligated balance carried forward.....	-7,488,000	-6,616,000	-872,000
Financing applied to program.....	1,277,000	2,302,000	+1,025,000

<sup>1</sup> Balances of selected resources are identified on the statement of financial condition

*Summary of sources and application of funds*

	1965 estimate, presently available	1965 revised estimate	1965, increase (+) or decrease (-)
Obligations (from program and financing).....	1,277,000	2,302,000	+1,025,000
Gross expenditures.....	1,277,000	2,302,000	+1,025,000
Revenues and other receipts (from program and financing).....	2,277,000	2,430,000	+153,000
Applicable receipts.....	2,277,000	2,430,000	+153,000
Budget expenditures.....	-1,000,000	-128,000	+872,000

*B. Revenue, expense, and retained earnings*

	1965, estimate, presently available	1965 revised estimate	1965, increase (+) or decrease (-)
Revenue.....	430,000	430,000	-----
Expense.....	262,000	302,000	+40,000
Net operating income or loss (-).....	168,000	128,000	-40,000
Analysis of retained earnings: Retained earnings or deficit, start of year.....	35,000	35,000	-----
Retained earnings or deficit, end of year.....	203,000	163,000	-40,000

*Financial condition*

	1965, estimate, presently available	1965 revised estimate	1965, increase (+) or decrease (-)
Assets:			
Treasury balance.....	7,563,000	6,691,000	-872,000
Accounts receivable, net.....	74,000	74,000	-----
Selected assets: Advances.....	4,000	4,000	-----
Loans receivable, net.....	5,552,000	6,384,000	+832,000
Judgments receivable.....	25,000	25,000	-----
Fixed assets, net.....	7,000	7,000	-----
Total assets.....	13,225,000	13,185,000	-40,000
Liabilities: Current.....	22,000	22,000	-----
Government equity:			
Start and end of year.....	13,000,000	13,000,000	-----
Retained earnings or deficit.....	203,000	163,000	-40,000
Total Government equity.....	13,203,000	13,163,000	-40,000

*Analysis of Government equity*

	1965, estimate, presently available	1965 revised estimate	1965, increase (+) or decrease (-)
Undisbursed loan obligations.....	128,000	128,000	-----
Unobligated balance.....	7,488,000	6,616,000	-872,000
Invested capital and earnings.....	5,587,000	6,419,000	+832,000
Total Government equity.....	13,203,000	13,163,000	-40,000

*Object classification*

	1965, estimate, presently available	1965 revised estimate	1965, increase (+) or decrease (-)
33 Investments and loans.....	1,000,000	2,000,000	+1,000,000
Administrative expenses (see separate schedule).....	277,000	302,000	+25,000
Total obligations.....	1,277,000	2,302,000	+1,025,000

*Program and financing—Administrative expenses*

	1965, estimate, presently available	1965 revised estimate	1965, increase (+) or decrease (-)
Program by activities: Administrative expenses (costs-obligations).....	277,000	302,000	+25,000
Financing: Limitation.....	277,000	302,000	+25,000

*Object classification—Administrative expenses*

	1965, estimate, presently available	1965 revised estimate	1965, increase (+) or decrease (-)
BUREAU OF COMMERCIAL FISHERIES			
11 Personnel compensation:			
Permanent positions.....	179,000	187,000	8,000
Positions other than permanent.....	4,000	7,000	3,000
Other personnel compensation.....	3,000	5,000	2,000
Total personnel compensation.....	186,000	199,000	13,000
12 Personnel benefits.....	13,000	14,000	1,000
21 Travel and transportation of persons.....	28,000	36,000	8,000
22 Transportation of things.....	2,000	3,000	1,000
23 Rent, communications, and utilities.....	12,000	14,000	2,000
24 Printing and reproduction.....	2,000	2,000	-----
25 Other services.....	7,000	7,000	-----
26 Supplies and materials.....	5,000	5,000	-----
31 Equipment.....	1,000	1,000	-----
Total, Bureau of Commercial Fisheries.....	256,000	281,000	25,000
ALLOCATION TO OFFICE OF THE SOLICITOR			
11 Personnel compensation:			
Permanent positions.....	19,000	19,000	-----
12 Personnel benefits.....	2,000	2,000	-----
Total, Office of the Solicitor.....	21,000	21,000	-----
Total obligations.....	277,000	302,000	+25,000

Chairman HAYDEN. The committee will be glad to receive your explanation of this request.

Mr. CROWTHER. We have a statement we are glad to submit.  
(The statement referred to follows:)

## STATEMENT BY DEPUTY DIRECTOR CROWTHER

## FISHING VESSELS AND GEAR

Mr. Chairman and members of the committee, I am here in support of a supplemental estimate for the fiscal year 1965 under our limitation on administrative expenses for the fisheries loan fund. A supplemental appropriation in the amount of \$25,000 is needed for the administration of this fund because of the additional workload caused by the Good Friday Alaska earthquake and tidal wave.

The fisheries loan fund was authorized by section 4 of the Fish and Wildlife Act. Under this act the Secretary of the Interior was authorized to make loans for financing and refinancing, operations, maintenance, repair, replacement, and equipment of fishing vessels and fishing gear. Section 9 of the Commercial



Fisheries Research and Development Act of 1964 amended section 4 of the Fish and Wildlife Act of 1956 by adding a new subsection which authorized the Secretary to make loans from available funds to commercial fishermen who had vessels lost, destroyed, or damaged by the Alaskan earthquake and tidal wave pending construction or repair of these vessels. Through August 7 we have received 83 applications totaling \$1,453,000 for loans for replacement and repair of vessels lost or damaged in the earthquake and tidal waves. These are in addition to our usual workload. In view of the emergency condition and the necessity for getting these fishermen back fishing, these have been and will be processed on an emergency basis. A considerable number of cases are expected within the next couple of months as many vessel owners have been waiting to settle their insurance problems before looking for new vessels. Others have felt that they will have a better chance of making good purchases during the fall and winter when the market for vessels is usually lower than during the summer months.

Processing of these additional applications as well as the closing and servicing of those already received will double the workload for the program in Alaska during the current fiscal year. The funds requested will be available for additional expenses for this purpose. Interest to be collected on these emergency loans will more than pay the additional costs involved. Incidentally, the history of this administrative expense authorization shows that the funds used for this purpose have been modest and the authorization voluntarily reduced in fiscal year 1960 from \$313,000 to \$250,000.

Loans and all expenses connected with the administration of the loans are paid from the fund and principal and interest collected are paid back into the fund. During the last 3 fiscal years the interest paid into the fund has exceeded the expenses paid from the fund. Failure to properly service these loans will result in a much greater risk of loss because of nonpayment and consequently would result in the probability of losses greater than these costs, and as a result would be very poor economy on the part of the Government. Sufficient funds are available in the revolving fund to cover anticipated loans.

#### REPAIRS AND REPLACEMENT OF VESSELS AND EQUIPMENT

Mr. CROWTHER. I am Harold E. Crowther, Deputy Director of the Bureau of Commercial Fisheries. With me are Mr. Cleo F. Layton, Assistant Director for Administration and Mr. C. E. Peterson, Chief of our Branch of Loans and Grants.

Senator HOLLAND. Mr. McKernan is not here?

Mr. CROWTHER. He is not here.

Senator HOLLAND. You are representing him?

Mr. CROWTHER. Yes, sir. Mr. McKernan is testifying at another hearing. We have a revolving fund entitled "The Fisheries Loan Fund," for making loans for the repairs and replacement of vessels and equipment. The Congress authorizes an amount of money out of this fund for administrative expenses. There is no appropriation of additional money involved in this estimate, it involves an increase in the limitation.

We started out with approximately \$250,000 of funds for the administration of this fund and this was raised to \$313,000 later. In 1960 we voluntarily reduced this to the initial level of \$250,000. The expenses in the early years of this program were considerably less than the amount authorized. However, these costs have increased with the greater use of the fund. The authorization for fiscal year 1965 is now \$277,000. We need an authorization of \$302,000. The Good Friday, March 27, Alaskan earthquake stimulated a significant increase in the number of loan applications and called for considerably more effort, and the putting of additional manpower in Alaska.



## LOSSES FROM DISASTER LOANS

The Alaskan earthquake alone resulted in 83 applications for \$1,453,000. The normal yearly rate of applications is approximately 150. Because of this added burden we will not be able to operate within the limitation on administrative expenses during this fiscal year.

Chairman HAYDEN. You expect the losses from disaster loans to be greater than your regular loans?

Mr. CROWTHER. We believe they may be, sir. The standards have been somewhat more lenient on the Alaska disaster loans than we have on the regular loans.

Chairman HAYDEN. How does the disaster loan type differ from the regular fishery loans.

Mr. CROWTHER. The regular fishery loans are at a 5-percent interest rate. The Alaska loans are at 3 percent, sir. We required somewhat less collateral in the Alaskan loans than we did in the regular fishery loans. We anticipate that we will still come out very well on these loans.

## PURPOSE OF INCREASE OF LIMITATION

Chairman HAYDEN. This increase in limitation of \$25,000 is for this special occasion and nothing else.

Mr. CROWTHER. It is for the time that we will have to process and service these Alaskan loans. In addition to actually making the loans, we service the loans to. We guide and assist the fisherman to assure his ability to repay so that the Government does not lose on the loans. This servicing has to go on for some time, depending on the term of the loans.

Chairman HAYDEN. Are there any questions?

Senator YOUNG. The total amount requested is \$25,000?

Mr. CROWTHER. \$25,000, as an increase in an authorization, not as an appropriation out of the general fund of the Treasury.

Senator YOUNG. That is a very small supplemental.

Chairman HAYDEN. It is the authorization?

Mr. CROWTHER. It is the authorization. It comes from the revolving fund, Senator.

Senator ELLENDER. What is the limitation now?

Mr. CROWTHER. \$277,000. We are asking for \$302,000.

Senator ELLENDER. What is the limitation as to each loan?

Mr. CROWTHER. There is no dollar limitation, sir.

Chairman HAYDEN. Are there any further questions? If not, we thank you.

## COMMERCIAL FISHERIES RESEARCH AND DEVELOPMENT PROGRAM

Senator BARTLETT. Mr. Chairman?

Chairman HAYDEN. Senator Bartlett.

Senator BARTLETT. I would like to put some questions if I may to Mr. Crowther, not on this particular item but on a missing one. I was astounded when the supplemental came up to discover that there was no money at all for S. 627 which became Public Law 88-309 on May 20 of this year. This is a cooperative fishery research and development program between the State government and the Federal Government in each instance extending across divisions.

It authorized a 5-year program and has wide support, 30 cosponsors in the Senate. I should like to ask you, Mr. Crowther, what particular importance in your view does the program have?

Mr. CROWTHER. Senator Bartlett, in my opinion this particular program has had greater State support than any other legislation that I have seen that deals with fisheries. There is a great need for research and development in fisheries, especially in the coastal waters.

#### INTEREST IN STATES

The States have shown an extreme interest in it. One of the real values we see coming out of this bill, if it is financed, is the fact that it will permit coordination of research and development not only among the States but between the Federal Government and the States.

We think this will be extremely valuable. It will also provide for a significant stimulation of fisheries research and development necessary to the resolution of many problems of the fisheries.

Senator BARTLETT. Is it true that the law contemplated a 5-year program with a Federal appropriation of \$5½ million annually and that if no money at all is appropriated this year one-fifth of the entire program will be lost unless there is a revision of the legislative act later on.

Mr. CROWTHER. Yes, sir. The act authorizes \$5½ million for aid to the States and says that the 5-year period will begin with the enactment of the law, itself, which is in effect now. In addition to the \$5½ million for aid to the States, the legislative history is clear that another \$400,000 would be necessary to administer the program.

Senator BARTLETT. If money is appropriated for this fiscal year are the States prepared, most of them, to go ahead? Do they have projects in mind that could receive ready approval?

Mr. CROWTHER. We have been in touch with the Governors of the 50 States. With the exception of two, each has appointed an agency to represent the States. Each of the States that has applied to us has indicated an interest in getting started as quickly as it could. We do know that for most of the States there are projects now ready to be submitted. Many of them are asking us when they can begin this work.

Senator BARTLETT. They expect to begin this fiscal year.

Mr. CROWTHER. They do, sir.

## FURTHER SUPPLEMENTAL REQUEST PENDING

Senator BARTLETT. May I ask this. Did your Department ask for any funds this year?

Mr. CROWTHER. A supplemental appropriation is under consideration, sir.

Senator BARTLETT. I beg your pardon?

Mr. CROWTHER. A supplemental appropriation is under consideration.

Senator BARTLETT. Not by this committee because no request was made to the committee, is that right?

Mr. CROWTHER. No, sir, we went through normal budgetary channels.

Senator BARTLETT. The Department approved?

Mr. CROWTHER.. Yes, sir.

Senator BARTLETT. Then the only inference one can gain is that the Bureau of the Budget did not approve it. It is my understanding, as a matter of fact, the other day from the Bureau of the Budget sources that they took the view that \$5½ million should not be permitted for this year. Why I don't know in the light of what the law says. But it was my further understanding they were going to send up a request for \$1,500,000 plus \$200,000 for administrative expenses. That obviously has not been done.

It is very important that we get this program launched this fiscal year in view of the need for it and in view of the fact that not only does a 5-year program benefit all the States, particularly of course the coastal States but the development programs whereby States that are not important to fisheries now can build up a commercial fishery. It is for development as well as research. I thank you, Mr. Crowther for your answers.

Chairman HAYDEN. Are there any further questions? Thank you for your appearance.

OFFICE OF WATER RESOURCES RESEARCH

STATEMENTS OF JOHN C. CALHOUN, JR., ACTING DIRECTOR;  
EUGENE D. EATON, ASSOCIATE DIRECTOR; AND JOSEPH M.  
BREEN, BUDGET OFFICER

ESTABLISHMENT UNDER PUBLIC LAW 88-379

Chairman HAYDEN. We will hear from the Office of Water Resources Research.

Mr. CALHOUN. My name is John Calhoun. I am appearing with Mr. Eaton and Mr. Breen.

Chairman HAYDEN. Public Law 88-379 established a water resources research program to be administered by the Secretary of the Interior. It is estimated that \$1,535,000 will be needed for the program in fiscal year 1965. The justification will be placed in the record.

(The justification referred to follows:)

DEPARTMENT OF THE INTERIOR

*Office of Water Resources Research*

Request (for 10 months from Sept. 1, 1964)----- \$1,535,000  
Employment: Number involved this estimate----- 8

PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

The appropriation proposed for fiscal year 1965 will provide for development of procedures and rules for planning with universities and colleges for implementation of the program authorized by the Water Resources Research Act of 1964 (Public Law 88-379, approved July 17, 1964), and for partial implementation during the current year. The requested funds will allow for the making of grants approximating 23 percent of the amounts authorized by the act.

JUSTIFICATION

The Water Resources Research Act of 1964 (Public Law 88-379, approved July 17, 1964) authorizes financial support for the establishment and maintenance of water resources research centers at land-grant colleges and universities; for water research at other colleges, universities, and centers of competence; and for promotion of a more adequate national program of water research. The act further provides that the Secretary of the Interior is responsible for the proper administration thereof.

The Secretary, in the implementation of the act has established in the Department of the Interior the Office of Water Resources Research, which will report to the Secretary, in order to achieve a proper degree of coordination with other Government agencies and to insure the avoidance of duplication or other unproductive expenditures of money or technical manpower in the total national program for water resources research.

For the partial program to be funded by the appropriation now requested, we propose a staff of eight persons (director, associate director, three scientist-engineers, an executive officer, and two secretaries). For full scale initial-stage operation of the program we propose a staff of 22, comprised of a director, associate director, 5 scientist-engineers, 7 supporting program positions, and 8 administrative positions. This staff will (a) review applications to assure that the applicants are eligible to receive financial support consistently with the require-



ments of the act, that the activities for which the grants are sought have technical merit, that the applicants will be competent to accomplish the programs or projects proposed, that the proposed expenditures have reasonable and proper relationship to the accomplishments expected to result, that the activities are planned and will be carried on with due regard for avoidance of duplication of other research, and of undue displacement of water scientists and engineers elsewhere engaged in water research, and like substantive factors; (b) prepare and process grant and contract agreements, and monitor compliance with such agreements; (c) establish and keep current records and statistics relative to the program; (d) develop advice to water resources research centers and others relative to the research areas most important for additional attention and emphasis, as required by the act; (e) establish and maintain cooperation among the centers and between the centers and Federal and other organizations concerned with water resources, as required by the act; (f) prepare reports and referrals for the Secretary to make to the President and the Congress; and (g) related duties. The Director, pursuant to delegation by the Secretary of the Interior, is responsible for approval of grant, contract, or other applications for financial support. At this time it is anticipated with a high degree of confidence that 15 institutes will apply and will be found to be qualified to receive grants and to be competent to utilize them effectively pursuant to section 100(a) of the act, and that \$250,000 of matching-fund grants may be made pursuant to section 101. In the full-scale initial phase of operation, applications may be received from 51 States for university research center grants, and from 150 to 200 or more specific research project applicants.

The services of experts and consultants on an intermittent basis will also be utilized in the program. A principal activity of the consultants will be to act, individually or in panels, in advisory review of applications for grants and contracts by making findings relative to the merit of proposed projects, the value of the results expected to be secured from them, the competence of the applicants to accomplish the work, and other relevant factors, which advice will be considered by the Director in making determinations and approvals. In addition, at least annually a special advisory panel of outstanding scientists, engineers, and laymen experienced in public affairs related to water resources will advise relative to the overall program.

The Office of Water Resources Research will discharge the responsibility of the Secretary with respect to the water research programs authorized by this act and will administer them pursuant to rules and regulations prescribed by the Secretary.

The Office will be responsible for the propriety of all payments and will establish necessary safeguards to insure that designated institutes have the capability of effective performance.

The Office will furnish such advice and assistance as will best promote the purposes of the act, will participate in coordinating research initiated under this act by the institutes, and will assist in the establishment and maintenance of cooperation by and between the institutes and between them and other research organizations, the Department of the Interior and other Federal establishments.

The Office will be responsible for the making of (a) grants in support of one research center in each State, (b) matching grants for specific research projects at such centers, and (c) grants, contracts, matching or other arrangements with educational institutions, private foundations or other institutions, private firms and individuals, local, State, and Federal Government agencies undertaking research into any aspects of water problems related to the mission of the Department of the Interior, and for the submission of such, proposed grants, contracts, matching, or other arrangements to the President of the Senate and the Speaker of the House of Representatives.

#### *Section 100 (a), \$1,125,000*

This section of the act authorizes grants in the amount of \$75,000 for each of the 50 States and Puerto Rico. State interest and pressure for this legislation have been great. A number of proposals already have been formulated and are ready to be submitted as soon as funds are available. It is expected that at least 15 such applications will be received by October 15, 1964. The authorized amount of \$75,000 represents the minimum requirement for initiation of these programs. The act recognizes this as it provides for subsequent increases to \$87,500 in the second and third years and \$100,000 thereafter.

*Section 101 (a), \$250,000*

Since this legislation has been under consideration for a considerable length of time, it has been possible for the State university centers to develop both program plans and sources of financing to meet this matching money. Water resources research is presently grossly inadequate so interest is heavy. Therefore, it is imperative that the requested amount be appropriated to meet the need and avoid further loss of time in moving ahead in this important research field.

*Administration, \$160,000*

The estimate for administration of this program is based on the best information available at this time and it is firmly believed that the ramifications and contemplated workload of the program will support the proposed staffing and operating expenses. The initial cost of equipping the new office will be high and it is expected that travel expenses will be considerable. During the first year of the program, on-site visits and examinations will have to be made to applicant establishments for consultation and inspection to ascertain that the applicant is capable of fulfilling the requirements of the act.

## SALARIES AND EXPENSES

*Program and financing*

[In thousands of dollars]

	1963 actual	1964 estimate	1965 estimate
Program by activities:			
1. Assistance to States for institutes.....			1, 125
2. Matching grants to institutes.....			250
3. Administration.....			155
Total program costs.....			1, 530
Changes in selected resources <sup>1</sup> .....			5
Total obligations.....			1, 535
Financing: New obligational authority (appropriation).....			1, 535

<sup>1</sup> Selected resources as of June 30 are as follows:

	1963 actual	1964 estimate	1965 estimate
Undelivered orders.....			5

*Object classification*

[In thousands of dollars]

	1963 actual	1964 estimate	1965 estimate
11 Personnel compensation:			
Permanent positions.....			97
Positions other than permanent.....			10
Total personnel compensation.....			107
12 Personnel benefits.....			7
21 Travel and transportation of persons.....			15
22 Transportation of things.....			2
23 Rent, communications and utilities.....			3
24 Printing and reproduction.....			5
25 Other services.....			2
Services of other agencies.....			2
26 Supplies and materials.....			2
31 Equipment.....			15
41 Grants, subsidies and contributions.....			1, 375
Total obligations.....			1, 535

*Personnel summary*

	1963 actual	1964 estimate	1965 estimate
Total number of permanent positions.....			8
Full-time equivalent of other positions.....			1
Average number of all employees.....			7
Employees in permanent positions end of year.....			8
Number of employees in other positions, end of year.....			12
Average GS grade.....			13.5
Average GS salary.....			\$14,537

*Detail of personnel compensation*

	1963 actual		1964 estimate		1965 estimate	
	Num-ber	Total salary	Num-ber	Total salary	Num-ber	Total salary
Grades and ranges:						
GS-18. \$20,000: Director.....					1.0	\$20,000
GS-17. \$18,000 to \$20,000: Associate Director.....					1.0	19,000
GS-16. \$16,000 to \$18,000: Scientist-engineer.....					2.0	34,000
GS-15. \$15,665 to \$19,270: Scientist-engineer.....					1.0	16,700
GS-15. \$15,665 to \$19,270: Executive Officer.....					1.0	16,700
GS-9. \$6,675 to \$8,700.....					1.0	7,030
GS-7. \$5,540 to \$7,205.....					1.0	5,795
Total permanent.....					8.0	119,225
Deduct: Lapses.....					1.6	22,225
Net permanent (average number, net salary).....					6.4	97,000
Positions other than permanent: Intermittent employment.....						10,000
Total personnel compensation.....						107,000

## AUTHORIZED ORGANIZATION

Chairman HAYDEN. Would you please describe the organization which has been set up, and indicate the expected full strength of the Office of Water Resources Research?

Mr. CALHOUN. Mr. Chairman. The organization that has been authorized by the Secretary to implement this act is an Office of Water Resources Research which is directly responsible to the Secretary. It is presently under my administration as Acting Director, and the Associate Director is Mr. Eaton. At this time that is our only staff. In the request which we have before you we have asked for an item of \$160,000 for nucleus staffing of this Office, which would give us eight individuals.

This will be sufficient to administer the program at a minimum level for the amount of money which has been requested. For the full program it will require a complement of approximately 22 people to administer the Office.

## EXPECTED ACTIVITIES

Chairman HAYDEN. Please describe fully your expected activities this fiscal year.

Mr. CALHOUN. Yes, sir. I have prepared a statement which I have placed before you. There is material in it on that point. If you have no objection, I would like to introduce it in the record, and then I will cover the particular point that you have in mind.



Chairman HAYDEN. You may do that.  
(The statement referred to follows:)

STATEMENT BY JOHN C. CALHOUN, JR., ACTING DIRECTOR, OFFICE OF WATER  
RESOURCES RESEARCH

Mr. Chairman and members of the committee, it is a pleasure to have this opportunity to appear before you and present this budget request which provides for initiation of the program to establish water resources research centers and to promote a more adequate national program of water research as authorized by the Water Resources Research Act of 1964 (Public Law 88-379).

This legislation recognizes the urgent need in every State and region of the United States for increased knowledge and competence in dealing with water resources problems. Intermittent and permanent water shortages exist or threaten many communities and many areas. Water supply deficiencies both of quantity and of quality are serious impediments to the economic development and well-being of people. They constitute a present or potential limit on community growth, and on agricultural, industrial, and recreational development. Authoritative reports estimate that, for approximately one-fifth of the United States, water supply will limit economic and population growth by 1980 unless new and improved methods are developed to increase the usefulness of available water resources.

In recognition of this urgency in the water resources field, Secretary Udall acted immediately upon the President's approval of Public Law 88-379 to establish the Office of Water Resources Research to carry on the program which Congress has authorized. The Office of Water Resources Research was established as an operating unit directly responsible to Secretary Udall under my leadership as Acting Director. Mr. E. D. Eaton has been appointed Associate Director.

This present request is for funds to initiate the program in fiscal year 1965. The requested amount of \$1,535,000 provides for allotments to 15 States for water resources research institutes or centers in the amount of \$75,000 per State as authorized in section 100(a) of the act. It also provides for \$250,000 for matching grants to State water research institutes for specific research projects as authorized by section 101(a). The estimate includes \$160,000 for nucleus staffing of the Office of Water Resources Research and is the minimum required for program development and administration in fiscal year 1965.

The Office of Water Resources Research, to which the Secretary has assigned responsibility for the program, will have a small staff to perform four major functions: (1) to develop the program for the establishment and continued support of competent and qualified centers of water resources research; (2) to develop the program of grants on the basis of the merit of the proposals and the need for the knowledge expected to be produced without duplication of other State or Federal research, or displacement of scientists and engineers; (3) to provide coordination of the research at the research centers of the various States and with other State, Federal, and nongovernmental research; and (4) to administer the program to assure effective utilization of appropriated funds and qualified manpower, to assure proper accountability of the grants, and to assure that the program is responsive to water resource needs of the Nation, its regions, and its States.

Performance of these functions will require staff that is highly knowledgeable about water problems and existing research, and that has mature judgment in conferring and counseling with the research centers and others participating in the program.

A principal purpose of the act is to stimulate and supplement present programs for research on water resources problems, and to encourage the training of scientists and engineers to work in this field. Pursuant to the provisions of the act, this will be accomplished through financial assistance to one water resources research center in each State, and through grants and other arrangements to assist in meeting the expenses of specific water resources research by these institutes and others. The act specifies that the institute shall be established at a land-grant university or college unless the legislature of the State has provided otherwise by specific enactment.

Water resources research and the training of water scientists and engineers will go hand in hand. The research will be under the leadership of the university faculty members concerned with the various subjects related to water resources



problems. In conjunction with such research, graduate students and others seeking to secure advanced training as water scientists and engineers may be engaged as assistants in the performance of such research. In this manner, the program will at the same time provide the new knowledge needed to deal with water problems and result in producing additional highly qualified people to work on these problems.

There is wide agreement that a shortage of qualified water scientists and engineers is a major element in the present critical situation. This conclusion is emphasized in special reports of the National Academy of Sciences—National Research Council, the Federal Council for Science and Technology, and in reports of professional groups such as the American Society of Civil Engineers and others. Evidence of the increasing need for qualified water scientists and engineers is brought out almost daily in newspaper reports of new State and Federal activities to relieve conditions of water shortages, drought, floods, and water quality deterioration. Especially needed are qualified water resources specialists for State and local governments and others responsible for local, State, and regional problems.

To aid in meeting this shortage of highly qualified workers a particular emphasis in the water resources research is on establishment of State centers and on the training of water scientists and engineers at the State universities and land grant colleges.

Through their own associations and committees, and through their individual actions, the State universities and land-grant colleges have taken the initiative in preparing for the research and training programs contemplated by Public Law 88-379. From information secured through the Association of State Universities and Land-Grant Colleges, and through the Universities Council on Water Resources, it is evident that at least 15 States are already well prepared to make effective use of assistance to a water resources research center in their State. It is further evident that a substantial number of land-grant institutions are already well prepared to make effective use of matching grants toward the cost of specific water research projects. The present appropriation request will permit the Office of Water Resources Research to initiate this program on a sound basis through support to these universities that have already prepared themselves to concentrate their talents on this important task.

The Water Resources Research Act authorizes appropriations for the fiscal year 1965 and subsequent years. Because the program is focused principally on providing for research and training at the universities, it is important that the grants be available at the beginning of the academic year. The reason for this is that at the start of the academic year the faculty members supervising the research and training will designate the graduate students and others who have the necessary qualifications and interest to become the highly qualified water scientists that are needed throughout the Nation. If the grants are not available at the beginning of the academic year in September, the qualified candidates for advanced training will be engaged in graduate studies other than those related to water resources problems. As a consequence an entire year's progress will be lost.

#### FOUR ESSENTIAL FUNCTIONS

MR. CALHOUN. There are four essential main functions to be performed. One is to develop a program for the establishment and continued support of competent and qualified centers of water resources research that are called for under the law.

Second is to develop a program of grants which will be on the basis of the merit of the proposals and the need for the knowledge expected to be produced without duplication of other State or Federal research, or displacement of scientists.

The third will be to provide coordination of the research at the research centers of the various States, and coordination with other programs involving water resources research.

Fourth will be to administer the programs so that there will be effective utilization of the funds and manpower, and to assure accountability of grant funds.

The program anticipated at this time is for water resources research institutes in 15 States, and the amount is \$75,000 for each of them; this is equal to \$1,125,000. In addition matching grants to the institutes for specific research proposals in the amount of \$250,000, plus \$160,000 for the staffing that was described.

#### NUMBER OF STATE INSTITUTIONS CONTEMPLATED

Chairman HAYDEN. Now your statement is that the appropriation requested provides the statutory \$75,000 allotment for a water research center to about 15 States. Does this mean that only 15 land-grant universities intend to establish a State water research center?

Mr. CALHOUN. No, sir; Mr. Chairman, I assure you that from the work that these universities have been doing and from the inquiries we have had, and their own testimony before the hearings on this bill, that there will be 50 of them. However, I am not sure at this time how many of them will go together to cooperate in establishing regional institutes.

We have given you the figure of 15 as the number which we are confident are going to qualify very shortly.

Chairman HAYDEN. This is a very new program and you may not have full information about the plans of the various States. By the time the next Congress convenes in January 1965, can you have full information on the plans and intentions of each State with regard to qualifying for allotment under the Water Resources Research Act.

Mr. CALHOUN. Yes, I am confident that we can. As I have said earlier, the universities themselves, by their individual action and by work through their association, and by work through the Universities' Council of Hydrology have been doing a great deal of preparatory work for this program and for broad interdisciplinary research in water resources.

I think without any question by the first of January we will have applications from all 50 States and we will have been able to assess these for competency and qualifications.

#### NO DUPLICATION EXPECTED

Chairman HAYDEN. Now the Water Resources Research Act requires that research funded under its provisions shall not duplicate the research work of other State or Federal agencies. How can you in the Interior Department assure compliance with that congressional requirement.

Mr. CALHOUN. There will be a number of ways in which we will work on this problem to assure that there is coordination and lack of duplication. In the first place, we will rely upon the Science Information Exchange which has been established. It provides for the listing of research projects in the field of water resources.

Secondly, we will require a showing on the part of all applicants that they have examined the listings in the Science Information Exchange. We will furthermore require from all applicants a description of their work on the format of Science Information Exchange so that we can make our own check.

Beyond this we will utilize competent persons who are specialists in various aspects of water resources research, to review grants and

proposals. These reviewers will come from various other universities and also from other Government agencies, and from State agencies. In that way, in looking at individual proposals we will have reactions from others who are engaged in water resources research.

#### ADVISORY GROUP

Then we will use also a broad advisory group within the Interior Department to help us periodically examine the total program in order to identify gaps and to identify potential duplication with what other agencies are doing.

Finally, we will hope to use the informal channels that exist for contacting people in other agencies to keep currently informed on what is going on and to exchange such information between their people and our people.

Chairman HAYDEN. Are there any questions?

#### STATES PARTICIPATING IN PROGRAM

Senator ALLOTT. I have one question. On the last page of your statement you say:

It is evident that at least 15 States are already well prepared to make effective use of assistance.

Can you name those 15 States?

Mr. CALHOUN. No, Senator, I am not prepared to name them at this time. We have information coming to us from a number of places. We know that in Universities Council on Hydrology, there are about 38 members but this includes 2 or more institutions from some States.

Furthermore the Universities Council on Hydrology is related to hydrology only. We are not sure how broadly this covers the total interdisciplinary effort. We have direct information from personal contacts. This estimate of 15 is a broad estimate without getting down to naming specific institutions. We can't say at this time which specific ones are going to be able to qualify.

Senator ALLOTT. I don't know how you can make the statement, Mr. Calhoun, that it is evident that at least 15 States are already well prepared if you can't name the States. One of your statements is wrong.

Mr. CALHOUN. I could give some "for instances" of States.

Senator ALLOTT. You know, we are appropriating money. I don't think this committee is interested in "for instances." Now if there are no States that are qualified that is fine. But we are appropriating hard cash to do this. I think we are entitled to hard answers.

Mr. CALHOUN. I would say, for instance, in the State of Colorado, the Colorado State University would undoubtedly have the necessary information. They have had an ongoing program and have been making preparations. So that I would anticipate that Colorado would be able to qualify on this immediately.

I would say this with respect to California because I am informed they also have had an ongoing program. There was testimony from the university presidents in other States before the committees that heard this bill, and this has supplied information about their water resources research activities.

However, at this time I cannot say in what States the university will be able to qualify as the single land-grant institution. Nor am



I able to say which of these would process the paperwork and then come in with a proposal so that I could have a list of exactly 15 States and that I would be able to say they are these particular States.

Senator ALLOTT. I appreciate your naming Colorado State University. I know of course that they are qualified. Without doubt they have led the way in many of these areas. But I cannot see why you are hesitant when you say there are 15 States that are already well prepared to make effective use of this.

It might be one institution in the State or it might be in another one. There is Nebraska. There is the great State of North Dakota represented by my friend here, Senator Young; my friend Senator Hayden; those in the South and West who probably have been thinking about water long before it ever got to be as big a problem in the East.

#### APPLICATION PROCEDURE NECESSARY

Mr. CALHOUN. Senator, the position I am trying to express is this: It seems to me to adequately administer this program for the establishment of institutes, the Secretary is called upon to make a determination that these are qualified and competent institutes, and can be expected to do reasonably efficient work. There is a further expression in the act that the institute should cover aspects of water resources not on a limited but on a broad basis.

In order to establish this we have to go through a procedure of asking for applications and getting this information in to show the qualifications and competency, we will have to review them, send some people out to look at the university facilities, and then we must make a determination. Now it seems to me at that time I cannot make a determination of the exact 15 institutions and the 15 States, but I can make a reasonable assessment that of those that are going to come in at this time at least 15 of them—it may turn out to be 20—but what I am saying here is that at this time I think I can make a determination that at least 15 out of the 38 institutions that are members of the Universities Council of Hydrology will qualify—and possibly other universities as well. I can't get down to saying that I think it is X, Y, and Z.

Senator ALLOTT. Do you think by answering my question you would preclude other universities? I would not consider that an answer to my question would preclude other States being identified later. It is just that at this particular point you have said that there are 15. I would like to have a list of the 15.

Mr. CALHOUN. I would prefer not to prejudice my future position in making the determination of any particular institution in any particular State by making a statement at this time that I think any particular institution in any State is going to be qualified and competent.

#### QUESTION OF AMOUNT NEEDED

Senator YOUNG. Your program is so uncertain, why do you need a million and a half dollars just to get started? Couldn't you start out with a smaller amount? I approve of the objectives of your program, but there still are so many uncertainties as what you can do.



Mr. CALHOUN. The uncertainty I am trying to express is not an uncertainty whether there will be 15 or more institutions applying and that at least 15 are going to qualify. The uncertainty that I am trying to express is an uncertainty at this time that out of the 50 States all of which it is necessary to recognize, I am not able to say that the 15 are exactly certain specific ones.

There is another reason for coming before you at this time for initiating these institutes.

A very definite need running through all the testimony before the legislative committee, and one of the very definite need that has been recognized in the act is the need for trained personnel, scientists, and engineers who are knowledgeable in water resources subjects and who can go to work on this broad problem—the young people with the talents and ideas. Now in educational institutions, if you identify these young people and entering graduate students in the beginning of the academic year and get them identified with the program before they get in their second semester, you have them committed. In their first semester they are generally doing course work, library work, and other preparatory work on their research project.

In their second semester they go on the actual research. If we cannot identify these people now before the first of next calendar year rolls around, we have in a sense lost a full year of identifying a new crop of young people to get at this very insistent problem and demand for qualified and trained people.

#### OBJECTIVES OF PROGRAM

Senator PASTORE. May I ask a question at this point, Mr. Chairman? What is the ultimate objective of this program? Is it merely to lift up the mind of these scientists or young people in this area or are we trying objectively to accomplish something on the broad level with relation to water resources? What are we getting at? Do we have an adequacy of water that we are trying to develop? What is the objective of this program?

Mr. CALHOUN. May I quote from the introductory statement to the act which says:

In order to assist in assuring the Nation at all times of a supply of water sufficient in quantity and quality to meet the requirements of its expanding population, it is the purpose of the Congress by this Act to stimulate, sponsor and provide for and supplement present programs for the conduct of research, investigations, experiments and the training of scientists in the field of water and of resources which affect water.

Later on, in the act, there is specific language:

It is required that each applicant for a grant pursuant to this Act, among other things, shall indicate the manner in which the grant will be related to the water economy of the Nation, the region and the State concerned.

Senator PASTORE. I realize that. But don't we have enough trained people today who can give us the benefit of their knowledge to cure some of these problems? As I understood you a short while ago, you are going to start these programs in the land-grant colleges. My question, specifically is this: That is a pretty long range thing, is it

not? We know the problem today. We have a lot of people who know the problem and are qualified to meet this problem. Now, is this an educational program or is this a program to bring about a better water supply? I am a little confused at this point.

Mr. CALHOUN. I interpret the intent of this act based on the testimony with which I am familiar and the hearings which I have read on, as being directed at the water resources needs of the Nation through the medium of bringing to bear on this problem the best talents that we could find in the educational institutions and, in the process of so doing, inspiring talented young people to devote their lives to working in that important resource area.

Senator ELLENDER. In other words, you are just trying to get somebody to do it in the future as the Senator states here.

#### EDUCATIONAL INTENT OF ACT

Senator PASTORE. Do you mean to tell me that in this country we don't have enough trained minds at the moment that we could bring together through some kind of an institute to investigate the inadequacy of the water supply and begin to give us some ideas now without training a whole new army of young people to become interested in this field who can give us some answers as to what we should do about the shortage of water and its relation to the explosion of the population in this country?

Mr. CALHOUN. Yes, sir. That is exactly what these institutes are intended to do.

Senator PASTORE. You did not say that. You said training young people.

Mr. CALHOUN. I was trying to be responsive to the question of why do we come in with an appropriation request at this particular moment.

I was trying to point out the intent of this act and the strong emphasis upon the education that will accompany the research, and that if we start now, we gain a whole year on this educational process.

Senator PASTORE. Training young people?

Mr. CALHOUN. That is right. We gain a whole year on this process.

Senator PASTORE. But that does not foreclose what I suggested, of bringing in the people who are already knowledgeable in this area to do something about this immediate problem.

Mr. CALHOUN. Oh, no. That, as a matter of fact, is exactly what institutes would do.

#### IMPORTANCE OF WATER SUPPLY PROGRAM

Senator PASTORE. Everybody thinks that the water supply shortage is a problem for California and Arizona and the Midwestern States. We have a lot of problems in our own State. We don't have enough good water for all the people who want it. We have a lot of waterless days even in Rhode Island.

The big question is, how do you give it to all the communities? This problem is just as important in the East where you have as large a part of the population as there may be in the West. When you talk about where these institutes are going to be it strikes me that the institutes go west of the Rockies and in the Midwest and nothing happens in New England.

Mr. CALHOUN. This, sir, I believe, is why the act calls for the establishment of a center in each State so that the competent talents within that particular State will be brought together in this institute to direct its attention to the immediate problems of that State and region. I would agree with you wholeheartedly.

Senator PASTORE. When you get around to the program, too, don't forget the East. We are a part of the country, too.

Senator ALLOTT. I had the pleasure of sitting in on the original hearings on this matter. The very point that the Senator from Rhode Island makes is the only point that would have passed this bill and that was that the whole question of water supply and water availability and its use throughout the entire United States had to be a matter of immediate concern to the entire Nation.

I don't think we were considering the training of people per se. What we were really trying to do when we passed this bill was to try to set up research institutes in each of the States which wished to have one made available to them so that the people there who were knowledgeable on the water resources could make that knowledge applicable to the individual State, recognizing that this was getting to be a problem in the East, the South, as well as it is in the West.

Senator PASTORE. That is all I am saying.

Senator ALLOTT. But I would still like to know the names of the 15 States.

Senator PASTORE. I bet you Rhode Island is not in it. Not that that is the whole question but I don't think this ought to be a question of where it goes.

#### STARTING PROGRAM UNDER PRESENT FUNDS

Senator HOLLAND. The thing I don't like about this is the approach to apparently set up 15 the first year. When you look at the legislation it allows for the setting up of these institutes in all of the States. It would allow \$75,000 the first year and larger sums the second and the third year for these institutes.

The effect of this partial beginning at one time would be to give preference to those States that start this year because they not only get started this year with the \$75,000 but they will get more the second year than those who go into the program the next year. What I think this agency should do is to work up its program this year and report it back in the regular budget for next year so that we can give every State a fair chance to participate from the beginning and on an equal basis.

I agree with that idea suggested by the Senator from Rhode Island that there should be equality between the various States. Now how much would it take you to work up your program in this first year?

You see by your budget what you propose to do is to work it up in part. You have put in here \$1,125,000 which is \$75,000 each for 15 States the first year. The program does call for an enlarged appropriation each year thereafter, going up to a larger amount the second year and still larger amount the third year.

Mr. CALHOUN. The proposed administrative amount here would not be directed to simply setting up institutes in these 15 States for which money would be allocated but would also be directed to setting up the entire program.



It was not our intent to infer that this whole amount of funds for administration in this request would be focused around 15 States. The intent is to lay out the entire program. I think we can do it with the amount requested.

#### AMOUNT FOR INSTITUTES

Senator HOLLAND. But you show here in your breakdown of your requested amount that by far the largest part of it, \$1,125,000, would go for item 1, which is assistance to States for institutes.

Mr. CALHOUN. Yes, sir.

Senator HOLLAND. That means \$75,000 for each of 15 States. My point is that all the rest that you have in here, which is a very small amount, I think less than \$300,000, is for the development of the whole program.

What I think you should be asking for is funds to develop a rounded program to submit back here at one time.

Mr. CALHOUN. Let me comment, sir, in this way. It would take approximately \$350,000 to staff up this year to develop and administer a full program, including all of the program planning that would be incurred in launching 51 institutes.

#### READINESS TO RECEIVE REQUESTS

May I go back and simply say that we fully recognize that all 50 of these States are going to come in and we think when we put out rules and regulations and say that we are ready to receive requests we are going to have applications from approximately 50 States by the first of the year and they will be able to demonstrate that they are qualified.

It was in the interest of getting this program on the road that we said, well, we can be sure of at least 15 of these, so let us get it on the road this way. I support wholeheartedly the thought that we need to get into all 50 States as fast as we can.

Senator HOLLAND. Yet the program you outline will give \$75,000 in Federal grants in the first year to only 15 States. It would set them on the road earlier than the other States.

Mr. CALHOUN. That is right, sir.

Senator HOLLAND. And they would have larger amounts the second year than those who come in next year for the first time.

Mr. CALHOUN. That is right.

Senator HOLLAND. I don't think that is equal treatment.

Chairman HAYDEN. Are there any further questions?

Senator ELLENDER. Mr. Chairman, I note that the primary object is to provide for development of procedures and rules for planning with universities and colleges for the implementation of this act.

Mr. CALHOUN. Yes, sir.

#### PERSONNEL SITUATION

Senator ELLENDER. Now, you said that you had provided for eight employees?

Mr. CALHOUN. Yes.

Senator ELLENDER. And that as the program develops it will require 22.

Mr. CALHOUN. Approximately 22 we estimate.



Senator ELLENDER. Will this be by way of grants to each college or subsidy?

Mr. CALHOUN. You mean the program, itself?

Senator ELLENDER. Well, you have \$1,375,000 for "Grants, subsidies, and contributions." What do you mean by "Grants, subsidies, and contributions"?

Mr. CALHOUN. \$1,125,000 of that would be allocations to 15 States at \$75,000 per State under section 100(a), for setting up the institutes.

#### ALLOTMENT TO STATES

Senator ELLENDER. Under what basis, matching?

Mr. CALHOUN. No, this is an out-and-out allotment to the State under title I, section 100(a), of the act.

Senator ELLENDER. For what will the \$75,000 be used?

Mr. CALHOUN. That will be used for a program which is laid out by the universities which sets up the institute in accordance with a program plan which they present, which will show in what way they desire to use this money. We will have to review this program plan, we will have to make a determination as to whether or not it overlaps or would duplicate anything that is now in existence.

We would have to make a determination as to the competency of the people involved and to the reasonableness of the expenditures and the expectancy of results.

Senator ELLENDER. Will that be used to pay students to study?

Mr. CALHOUN. We think it would be used primarily to pay salaries of experts, faculty persons, who can be identified to come together, as Senator Pastore suggested, to focus their attention on the water resource needs.

Senator ELLENDER. Who, I presume, are already members of the faculty of the applying college.

Mr. CALHOUN. I would presume so; yes.

#### QUESTION OF SUBSIDY

Senator ELLENDER. So that is in the nature of a subsidy to the college.

Mr. CALHOUN. Yes; one can look at it this way.

Senator ELLENDER. How do you differentiate it from a subsidy?

Mr. CALHOUN. These funds will be for work in addition to what had been done previously. Then in addition, sir, to this basic allotment to set up and continue the institute, these institutes would come back in with specific research project proposals under section 101 of the act. These would be on a competitive basis and these would be for matching grants.

These would be for identifiable specific pieces of work which could not be done otherwise and which were judged on the basis of merit.

#### DETERMINATION OF PROJECTS

Senator ELLENDER. Who would be the judge of that?

Mr. CALHOUN. This would be a determination made in my office by the staff plus outside advisers and representatives of Government agencies who are knowledgeable in water resources and who could speak to the importance of problem and the merit of the proposed work.

Senator ELLENDER. Now, before any moneys are requested for fiscal year 1966, is it your intention to present to us the amount of money that will be spent by way of subsidies and grants and contributions?

Mr. CALHOUN. The Secretary of the Interior is required to make an annual report.

Senator ELLENDER. I am talking about your appropriations. You are asking for grants, subsidies and contributions of \$1,375,000. Now, how have you divided that up as to grants, subsidies and contributions?

Mr. CALHOUN. \$1,125,000 to set up the basic institutes on what you referred to as a subsidy.

Senator ELLENDER. You referred to it, I didn't. You have it here in your justification.

Mr. CALHOUN. That is correct. Our justification shows the \$1,125,000 as subsidies, and also \$250,000 for grants, matching grants.

Senator ELLENDER.. That is the way you propose to do it this year?

Mr. CALHOUN. Yes, sir. The total grants and allocations is the \$1,375,000.

#### MEANING OF "CONTRIBUTIONS"

Senator ELLENDER. What do you mean by contributions? I suppose you prepared this justification? On item 41 here, the third page—

Mr. CALHOUN. I am advised by the budget officer that this is a general title that is used to cover this in standard budgetary forms. Actually this money would be allocated under a memorandum of agreement, contract, or other piece of paper which would set forth the conditions under which the money was allocated or granted, and the requirements that would be placed upon the institutions to respond.

So in this sense the use of the word contribution does not mean the usual sense of giving anything.

#### CRITERIA FOR GRANTS

Senator ELLENDER. Now have you a particular formula to give out, the \$75,000 that you have suggested to each college?

Mr. CALHOUN. Yes, sir. The act states that the institutes shall be competent and qualified. The act describes the duty of the institute which shall be to plan and conduct or arrange for components of their institution to carry on research work.

So, we will set up in our regulations a list of the things which we will expect the applicant for institute funding to lay out. This will include, according to our present planning, this will include a full program of work, it will include a delineation of how they expect to spend the money on salaries of staff members or on equipment or on other services in order to get the job done that they say they are going to get done. It will require a complete delineation of this amount.

Senator ELLENDER. And the purpose of that is to establish these institutes so that from here out this insitute, if selected, will train people—

Mr. CALHOUN. Will carry on research and educate people.

Senator ELLENDER. And educate people for the future. That is the purpose of it?

Mr. CALHOUN. Yes, sir.

Senator ELLENDER. Why would you not give this list out as Senator Allott just requested? Which are the best prospects? Can you tell us that?

Mr. CALHOUN. I think that I can't say because there is a—

Senator ELLENDER. How many colleges have you east of the Mississippi? Are there any?

#### CONDITIONS GOVERNING GRANTS

Mr. CALHOUN. There are many colleges. However, to receive funds for an institute, there are two conditions. The institute must be competent and qualified. Qualification speaks to whether or not it is the institution designated by the State. The act says it shall be at a single land-grant institution. In some States however, there are two land-grant institutions, in these cases the Governor must designate which one. We have a letter from Louisiana State telling us already that the Governor has designated LSU for this. But there are a number of other States in which there are two institutions where we do not yet have such a letter from the Governor, and we don't know when such a letter will be forthcoming.

Furthermore, there is a stipulation that this procedure will apply only in the absence of an act of the State legislature. We do not know in how many instances State legislatures may have acted, or will act. So in order to know which institution is qualified we need additional information—we can't say, for instance, in some States which have both the State university and land-grant institution which of them would qualify.

Beyond that then there is the condition of competency. The condition of competency will speak to what is laid out in the requirements for a program plan, how this money will be spent, whether or not they now have the staff members, or whether they intend to get them in the future as they get the money, what they will work on, and similar matters.

So I feel at this time it would be prejudicial to our future determination to give a list of 15 States.

#### PRESENT QUALIFIED STATES NOT KNOWN

Senator PASTORE. Will the Senator yield?

Senator ELLENDER. Certainly.

Senator PASTORE. Is it fair for me to say that you don't know what the 15 are now or do you know and you feel it would be impolitic to say so for fear that because you can only take 15 you would end up by having 35 against you?

Mr. CALHOUN. No, it is entirely correct to say that at this time I do not know what 15 States will qualify. Fifteen we think is a reasonable—

Senator PASTORE. In other words, you are in no position to give the 15 because you don't know who they are?

Mr. CALHOUN. That is exactly correct; I don't know who they are.

Senator PASTORE. Why don't you say that? They are asking you to name the 15. How can you name the 15 if you haven't made up your mind who they are?



Mr. CALHOUN. Thank you for giving me the words.

Senator PASTORE. That is all it is. How can you list 15 when you don't have the list?

#### COMPLETION OF RECOMMENDATIONS

Senator HOLLAND. Let me ask this question to pinpoint the thing.

Can you with \$350,000 complete your preliminary work and come back to us next year in the budget with a completed program of recommendations as to which States are qualified so that we can move giving every State a fair chance and a beginning at the same time?

Mr. CALHOUN. I think I can come back to you as early as January with assurances that all 50 States are ready to qualify.

Senator HOLLAND. How much will it take you to make that study?

Senator ELLENDER. \$160,000 he has in here for that purpose.

Senator HOLLAND. \$300,000 is what he said awhile ago.

Senator ELLENDER. He does not have it in here.

Mr. CALHOUN. I have \$160,000. This would be a fair minimum to lay out this program.

Senator PASTORE. I think what the witness is saying is that this has to be started on a modest level. The sooner you get going the more effective this performance is going to be.

Therefore, they intend to start it on the level of 15 and set up their organization so that they can get going now. If they wait any longer it will delay the whole program. The question is being raised here that you would like to see the program get off with the whole 50 at the same time. The serious question arises whether or not that is the efficient and businesslike way of doing it, that is all. That is a judgment we have to make.

I guess that is not one we can make here today.

#### NEED FOR SPEED IN PROGRAM

Mr. CALHOUN. We believe the program should get going as fast as it can. In response to this need, the Secretary set up this Office promptly and we made a determination of what we think we can go with now.

Senator ELLENDER. Now, we spent quite a bit of money in programs to extract minerals and salt from the water. How will this jibe with those programs?

Mr. CALHOUN. There is a requirement upon the Secretary and the Director of the Office that none of the work that is carried on under this act shall duplicate or reproduce any of the work that is now underway in any agency including the Office of Saline Water.

Senator ELLENDER. What do you expect to accomplish with this, finally? How to get more water and how to preserve it? How to work on problems of pollution and things like that? Is that the idea?

#### EXPECTED RESULTS OF ACT

Mr. CALHOUN. Yes, sir. I expect out of this act ultimately we will get a broad program recognizing the intricacy of all of the problems involved in dealing with water resources.

We will get the information on which we can make alternative decisions as to how to get our local, regional, State, and national water supplies, as to how we can assure ourselves of always having the best water to drink, and how we can assure ourselves we are going to keep



this water throughout our entire system free from any kind of contamination and as close to the way nature intended that we should have it.

Senator ELLENDER. Can you give us an idea of the cost of this program for the next 5 years?

Mr. CALHOUN. The program calls in the fourth year of its operation for \$100,000 to 50 States and Puerto Rico, and continues at that level. This is \$5,100,000.

Senator ELLENDER. Why Puerto Rico? Has it a college?

Mr. CALHOUN. Yes, sir; Puerto Rico has a very good university.

In addition, in the fifth year the matching funds portion of this act would be \$5 million and in the fifth year, also, the title II would stay at \$1 million. So the total maximum amount per year after the fifth year would be \$11,100,000, plus the cost of program administration.

Senator ELLENDER. That would go on indefinitely.

#### TIME LIMITATION

Mr. CALHOUN. The \$1 million per year pursuant to title II has a limitation of 10 years on it. Title I has no time limitation as to the authorization.

Senator YOUNG. I have one question to ask. Would it help any if we did not allow enough for 15 States, but rather allowed for 4, or 1 for each of the regions, for a pilot program?

Mr. CALHOUN. I think that any funds to initiate this program at any level would be very desirable, whether it is 4 or 6 or 15 or 50.

Senator YOUNG. That is all.

Senator HOLLAND. I have one more comment. I can't understand why he limits this to 15 when he just stated that he expected to have all 50 States qualified by January. We are providing here for the balance of this fiscal year. I don't understand why—

Senator ELLENDER. He can come back in January for more money, I guess.

#### NOT CONFINED TO LAND-GRANT COLLEGES

Senator ALLOTT. You talk repeatedly here about land-grant colleges. When we had this bill in conference, I want to call to the attention of the committee and I think my friend from Rhode Island would be interested in this, that if there is more than one such college or university in the State established in accordance with the act of 1862:

Funds under this Act shall, in the absence of designation to the contrary by Act of the legislature be paid to the one such college or university designated by the Governor of the State concerned, the State to receive the same subject to the Secretary's determination. . . .

So it is not limited to land-grant colleges.

Mr. CALHOUN. That is correct, sir.

Senator ALLOTT. Let us make this clear.

Mr. CALHOUN. While you were out this question came up and I did comment on this.

Senator ALLOTT. I find myself in an embarrassing position, Mr. Chairman. I still believe that there is no reason why we should not be given a list of the 15 that he says are now prepared to go forward.

Senator PASTORE. I think if he has it he ought to give it.

Mr. CALHOUN. I have no such list, sir.

Senator HOLLAND. He says he has no such list. He says he doesn't know which 15 it is. He does not say 15 are prepared. He thinks he can come up after awhile with 15. He also has said he can come up by January with all 50. I think we ought to permit him to do that, to give him the money to permit preliminary planning.

Mr. CALHOUN. We would appreciate that, sir.

LETTER FROM HON. HENRY M. JACKSON, A U.S. SENATOR FROM THE STATE OF WASHINGTON

CHAIRMAN HAYDEN. With regard to this item, Senator Jackson, who is chairman of the Senate Committee on Interior and Insular Affairs which considered the legislation which developed into the Water Resources Research Act of 1964, has written to me urging approval of this budget estimate. His letter will be included in the record.

(The letter referred to follows:)

U.S. SENATE,  
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,  
*August 14, 1964.*

HON. CARL HAYDEN,  
*Chairman, Committee on Appropriations,*  
*U.S. Senate,*  
*Washington, D.C.*

DEAR MR. CHAIRMAN: It is my understanding that the President has submitted a supplemental budget request which includes funds to begin the program authorized by the enactment of S. 2, the Water Resources Research Act of 1964.

As chairman of the Interior and Insular Affairs Committee, which considered and acted upon this important legislation, I would hope that this request for funds will be approved in order that the program might get underway immediately.

I would also like to request that your committee, in the report or otherwise, submit to the Department of the Interior a requirement that it be prepared to proceed by the beginning of the 89th Congress on a full program pursuant to this act.

On behalf of my committee, on which you also serve, I want to thank you and the Appropriations Committee for hearing the departmental witnesses on this supplemental request and I urge favorable action on it.

Sincerely yours,

HENRY M. JACKSON, *Chairman.*

WATER PLANT, STANDING ROCK INDIAN RESERVATION

Chairman HAYDEN. On July 31, Senator Young wrote to me with regard to the water filtration plant at the Standing Rock Indian Reservation, Fort Yates, N. Dak. I include his letter in the record together with a statement which I asked the Department of the Interior to prepare indicating the need for this filtration plant.

(The letter and statement referred to follow:)

U.S. SENATE, COMMITTEE ON APPROPRIATIONS,  
*July 31, 1964.*

HON. CARL HAYDEN,  
*Chairman, Senate Appropriations Committee,*  
*U.S. Senate, Washington, D.C.*

DEAR SENATOR HAYDEN: I have been contacted by tribal officials of the Standing Rock Indian Reservation at Fort Yates, N. Dak., concerning the need for expanding the water filtration plant at Fort Yates. Unfortunately, I was not advised of the need for this facility until after the Interior appropriations bill had been reported out of committee.

Senator Hayden, I sincerely hope that, if a supplemental appropriations bill is considered prior to adjournment, it will be possible to include funds for this badly needed water filtration plant. Enclosed is a copy of a letter which I have

received from Mr. Theodore Jamerson of Fort Yates, and a detailed breakdown of the cost of this facility. If it is not possible to provide the full amount, I would hope that we could at least include sufficient funds for the preconstruction planning so the Bureau would then be in a position to commence construction on this project next year.

As you will note from Mr. Jamerson's letter, this facility is badly needed. The existing water filtration plant was constructed in 1937 and there has been a tremendous growth of the community at Fort Yates since that time. Most of this growth has been caused by an increase in agency services provided through the Indian Agency at Fort Yates. As you know, a contract has been awarded for the construction of a new hospital at Fort Yates, as well as additional housing for Government employees, and there is also a low-rent public-housing project approved for Fort Yates. I sincerely believe that the construction of a new filtration plant is essential.

With warmest personal regards,  
Sincerely yours,

MILTON R. YOUNG.

FORT YATES, N. DAK., June 24, 1964.

Hon. MILTON YOUNG,  
U.S. Senate, Washington, D.C.

MY DEAR SENATOR YOUNG: Reference your telegram June 23, 1964, regarding Bureau of Indian Affairs filtering plant.

The Standing Rock Indian Agency, Fort Yates, N. Dak., provides the water services to the following agencies and others:

1. Bureau of Indian Affairs facilities, administration, school, maintenance, and related branches under the BIA.
2. U.S. Public Health facilities: Hospital, quarters.
3. Sioux County welfare, courthouse, and other State offices.
4. The townsite of Fort Yates, N. Dak.

The water services have been on a ration system for some time due to the following:

Treatment of water every 24 hours is 2,500 gallons every 24 hours and the result is rationing.

The present plant was constructed in 1937 with no idea in mind that the Agency would expand and other problems entering into the picture.

Due to the Oahe Dam Reservoir taking thousands of acres of our valuable Indian land along the Missouri River the town of Fort Yates, N. Dak., has had a tremendous population explosion with the people coming from Cannon Ball, N. Dak., Porcupine District, Kenel, S. Dak., Wakpala, S. Dak., and surrounding towns to establish their homes.

Fort Yates, N. Dak., is the central high school for all the towns in this area and the students come from all over.

Why we need a new filtering plant to take care of the present population and the future projects now coming up:

Public Housing Authority is constructing 40 family units to take care of some of the critical housing needs.

Construction of a new USPHS hospital contemplated this fiscal year.

Construction of BIA residences.

Plans under study to supply the Indian village of Ponderosa with water and sewer from the Fort Yates Agency. (This cannot be accomplished with the present filtering plant.)

Townsite people need water, plus a public works project installing water and sewer lines.

Estimate cost of new plant to take care of critical water rationing will be a minimum of \$125,000. This would take care of any unforeseeable emergencies that are now present. Fire hazard, etc.

Sincerely,

THEODORE JAMERSON.

New intake line and structure from the Oahe Reservoir.....	\$150,000
New pumping plant and lines to existing facilities.....	25,000
Expand water treatment plant, new clarifier and pump.....	125,000
Contingencies.....	15,000
Planning and engineering.....	20,000
On-site supervision.....	10,000
<b>Total.....</b>	<b>345,000</b>
Design.....	10,000



## BUREAU OF INDIAN AFFAIRS

## FORT YATES AGENCY WATER SYSTEM

Domestic water for the Fort Yates Agency, N. Dak., is now obtained from wells which now have inadequate capacity to supply the total need of the population. Even when the two existing wells are pumped to full capacity, they cannot keep up with the summertime demand. As a result, it has been necessary to ration water during the summer months. In addition, the well water has a very high magnesium sulfate content which causes an accumulation of salt on pump and valve parts.

The existing water system consists of a water-treatment building containing sand filters and a concrete reservoir which was constructed in 1935. A new steel reservoir was constructed in 1961, along with two pumphouses. These facilities are in good condition and will be utilized as standby units when the new system is completed.

To provide a safe and adequate source of water for this location, it will be necessary to use water from the Oahe Reservoir. A new intake line will be installed, a new pumping plant constructed on the reservoir bank, and the existing water-treatment plant will be increased in capacity in order to filter and clarify the additional quantity of water.

*Cost estimate*

Pumping, treatment, and lines-----	\$315,000
On-site supervision-----	10,000
Engineering, plans, and surveys-----	20,000
	345,000
Total estimated cost-----	345,000

Chairman HAYDEN. Senator Young is desirous of securing an appropriation of \$20,000 to do the engineering work and prepare the necessary plans and surveys for the filtration plant.

# DEPARTMENT OF AGRICULTURE

## AGRICULTURAL RESEARCH SERVICE

STATEMENTS OF E. P. REAGAN, ASSISTANT ADMINISTRATOR, REGULATORY AND CONTROL, AGRICULTURAL RESEARCH SERVICE; DR. R. K. SOMERS, ASSOCIATE DIRECTOR, MEAT INSPECTION DIVISION, AGRICULTURAL RESEARCH SERVICE; AND E. STEPHENS, DIRECTOR, PROGRAM EXAMINATION AND BUDGET DEVELOPMENT DIVISION, AGRICULTURAL RESEARCH SERVICE, U.S. DEPARTMENT OF AGRICULTURE

### AGRICULTURAL RESEARCH SERVICE

(H. Doc. 338)

#### *Salaries and expenses*

1965 budget estimate, as revised by H. Doc. 240, S. Docs. 82, 83, and 85-----	<sup>1</sup> \$217, 274, 875
Request (for 10 months from Sept. 1, 1964)-----	1, 357, 000
Employment:	
Average number, latest estimate for 1965-----	18, 778
Average number involved this estimate-----	168
Actual employment June 30, 1964-----	19, 189

<sup>1</sup> Excludes reappropriation of \$1,000,000 under "Special fund."

#### PROPOSED LANGUAGE

"For an additional amount for 'Salaries and expenses,' meat inspection, \$1,357,000."

#### EXPLANATION OF LANGUAGE

The proposed language would appropriate an additional \$1,357,000 to meet urgent needs for mandatory Federal meat inspection.

#### PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

The needs for Federal inspection have increased beyond the Department's ability to provide the required inspection services for meat and meat-food products shipped through interstate or foreign commerce. The number of new establishments requiring inspection continues to increase. In addition, existing federally inspected establishments are expanding production operations requiring the services of more meat inspectors than are now available. The problems resulting from insufficient meat inspectors to handle the greatly increased workload are now acute.

Because the present meat inspection force is not adequate to meet the increased workload it is necessary to curtail industry production in line with the ability to provide the inspection services. Such slowup creates inefficiencies in plant operations, delays in livestock purchases for federally inspected plants, and

affects employment of packinghouse workers in such plants. The Federal Meat Inspection Service continues to utilize every means possible to handle the additional workload with experienced supervisory program officials assigning only the minimum inspectors needed in each individual plant on a day-to-day basis.

1965 budget estimate of \$30,837,000 is needed for maintaining the current level of the inspection including inspectors hired under a nonrecurring transfer of funds in March 1964 to meet emergency need for meat inspectors.

*Justification for supplemental estimate, fiscal year 1965, for "Salaries and expenses, meat inspection"*

Project	Latest estimate	Revised estimate	Increase
Meat inspection.....	\$30,837,000	\$32,194,000	+\$1,357,000

*Need for increase*

The Department is not now able to provide the level of inspection services needed to meet the rapidly expanding meat inspection workload. The number of new establishments requiring Federal inspection continues to increase each year, and existing establishments are expanding production operations requiring additional inspectors.

When the 1964 budget was submitted to the Congress, it was estimated that 1,633 establishments in 700 cities and towns would require inspection by June 30, 1964. By January 1964, the estimated number of establishments had already been exceeded and by June 30 there were 1,679 establishments in 702 cities and towns operating under Federal meat inspection. To meet the rapid rise in the inspection workload in 1964, it was necessary to make available additional funds to hire the needed additional meat inspectors. These funds were available in March 1964 to the meat inspection program only in fiscal year 1964.

The 1965 budget estimate of \$30,837,000 includes \$1,383,000 which was proposed to provide additional inspectors during fiscal year 1965 to meet the increasing inspection workload. Essentially all of the 1965 budget estimate is now needed to maintain the current level of the inspection force including those inspectors employed in 1964 under the nonrecurring transfer of funds. Without additional funds, it will not be possible to provide the inspection services needed to avoid slowing up industry production.

At the present time, every effort is being made to achieve maximum utilization of existing inspection personnel to handle the increasing workload. Each application for Federal inspection must be accompanied by blueprints for the proposed establishment. Approval of applications requires that plant production facilities be arranged so that maximum production is possible with a minimum of inspectors. The inspection personnel needed is determined by supervisory meat inspection officials based on such factors as type of production operations; amount of slaughter and/or processing per week; number of days of operation per week, and other pertinent information.

In addition to increased numbers of new establishments, there is a trend in the industry to expand production operations by using multiple shifts of workers in order to obtain maximum economic benefits from investments in existing plants and equipment. This requires additional inspectors not associated with the opening of a new establishment. With little or no additional capital investment, meatpackers are thus able to substantially increase the amount of salable meat and meat-food products per plant. When the inspection needs are provided, expanded production operations at existing meatpacking establishments provides greater employment opportunities for packinghouse workers. In cases where plant operations are further expanded beyond two 8-hour shifts, the additional inspection is covered by overtime which is paid by the packing establishment requesting the overtime inspection services.



In recent years, the actual number of establishments needing inspection has exceeded the Department's estimate made at the time the budget request was submitted to the Congress. This is reflected in the following table:

At end of fiscal year—	Number of establishments		Difference
	Budget year estimate	Actual	
1961.....	1,420	1,451	+31
1962.....	1,484	1,511	+27
1963.....	1,550	1,590	+40
1964.....	1,633	1,679	+46
Total.....			144

The need to inspect expanded production at existing plants and the cumulative effects of having to provide inspection services at more plants than originally planned have created a serious shortage of inspectors.

Each year temporary measures have been utilized to provide the inspection services needed including nonrecurring transfers of funds, rotation and reassignments of meat inspectors, curtailed leave privileges for inspection personnel, and temporary details of personnel from plant to plant. Such measures provide no permanent solution to the shortage of inspectors that now exists.

The continued rise in the number of establishments requiring Federal inspection is indicative of the decentralization of meatpacking operations which has taken place in recent years. This trend has been prompted by a number of factors including the economic advantages of locating establishments in rural locations closer to the sources of supply; advances in the transportation industry which permit shipment on short notice of meat and meat-food products under proper refrigeration; reduced operating costs for plant and labor; and the need for modernized plants with equipment for mechanized production operations as replacements for the older, obsolete plants.

Further, many meatpacking establishments have found that they must engage in interstate or foreign commerce in order to maintain an economic level of operation in a highly competitive industry. Therefore, they must operate under Federal inspection and the Department is obliged to furnish such inspection under the law.

The following table reflects the increasing number of establishments as well as the number of widely dispersed cities and towns in which plants are located:

At end of fiscal year—	Establishments		Cities and towns	
	Number	Percent increase over prior year	Number	Percent increase over prior year
1961.....	1,451	-----	599	-----
1962.....	1,511	4.1	623	4.0
1963.....	1,590	5.2	672	7.9
1964.....	1,679	5.6	702	4.5
1965.....	1,760	4.8	723	3.0

#### *Plan of work*

The proposed supplemental funds would provide approximately 168 man-years to meet the needs for mandatory Federal meat inspection during fiscal year 1965.

## SUPPLEMENTAL REQUEST, MEAT INSPECTION

Senator HOLLAND. The chairman has asked that I handle the next item of supplemental request for the Agriculture Department.

The next item to be considered is a supplemental appropriation request for the Agricultural Research Service requesting an additional amount for meat inspection of \$1,357,000 to meet the urgent needs for the mandatory Federal meat inspection program.

The justification of the estimate transmitted pursuant to House Document No. 338 will be placed in the record at this point.

Mr. Reagan, Assistant Administrator for Regulatory and Control Programs, has submitted a prepared statement which will be included in the record. Mr. Reagan, will you highlight for the committee the specific needs for these additional funds?

(The statement referred to follows:)

## STATEMENT OF E. P. REAGAN, ASSISTANT ADMINISTRATOR, AGRICULTURAL RESEARCH SERVICE

We appreciate this opportunity to discuss with the committee the request in House Document 338 for supplemental funds in the amount of \$1,357,000 for Federal meat inspection.

## NEED FOR FUNDS

The Department is not now able to provide the level of inspection services needed to meet the rapidly expanding meat inspection workload. The number of new establishments requiring Federal inspection continues to increase each year, and existing establishments are expanding production operations requiring additional inspectors.

There has been a continual rise in the number of establishments requiring Federal inspection. Between June 30, 1961, and June 30, 1964, the increase in establishments was 228 and there was an increase of 103 cities and towns. This is indicative of the decentralization of meatpacking operations which has taken place in recent years. This trend has been prompted by a number of factors including the economic advantages of locating establishments in rural locations closer to the sources of supply; advances in the transportation industry which permit shipment on short notice of meat and meat-food products under proper refrigeration; reduced operating costs for plant and labor; and the need for modernized plants with equipment for mechanized production operations as replacements for the older obsolete plants.

In addition to increased numbers of new establishments, there is a trend in the industry to expand production operations by using multiple shifts of workers in order to obtain maximum economic benefits from investments in existing plants and equipment. This requires additional inspectors not associated with the opening of a new establishment. With little or no additional capital investment, meatpackers are thus able to substantially increase the amount of salable meat and meat-food products per plant.

## EFFORTS TO ACHIEVE MAXIMUM UTILIZATION OF INSPECTORS

At the present time, every effort is being made to achieve maximum utilization of existing inspection personnel to handle the increasing workload. Each application for Federal inspection must be accompanied by blueprints for the proposed establishment. Approval of applications requires that plant production facilities be arranged so that maximum production is possible with a minimum of inspectors. The inspection personnel needed is determined by supervisory meat inspection officials based on such factors as type of production operations; amount of slaughter and/or processing per week; number of days of operation per week and other pertinent information.

## FUNDING MEAT INSPECTION

At the time the request for an appropriation was made in each of the years beginning with fiscal year 1961 we made an estimate of the number of establishments to be financed within the fund request. Each year the estimate was exceeded, nonrecurring financing had to be resorted to meet the additional needs temporarily. Since the funds were not available in the succeeding year, it has resulted in a buildup of needs.

You will recall that it was necessary in March 1964 to transfer funds from other projects of the Agricultural Research Service to meet urgent needs. These were nonrecurring in 1965 so that essentially all of the 1965 budget increase of \$1,383,000 would be needed to maintain the current level of the inspection force. We have a number of temporary and part-time employees now under formal appointment and also a number under informal appointment in an attempt to cover needs until such time as we know the final 1965 appropriation. However, if we cannot retain them or replace them with permanent employees, the inspection needs will be even more acute.

In cases where plant operations are further expanded beyond two 8-hour shifts, the additional inspection has been covered by overtime for many years. This inspection is paid for by the packing establishment requesting the overtime inspection services. There are now an average of over 70 positions financed in this manner. Although we do not feel that 12-hour shifts provide the most satisfactory inspection conditions and that they definitely are not ultimately in the employee's interest we do not propose to discontinue them and finance new inspectors under the increase requested now.

The proposed increase of \$1,357,000 would provide for 200 additional inspectors in fiscal year 1965, most of whom are needed as soon as they can be employed. The increase would provide for 168 man-years for fiscal year 1965.

Mr. Chairman, this completes my statement. My associates and I will try to answer any questions that you may have.

## INADEQUATE INSPECTION STAFF

Mr. REAGAN. Thank you; I appreciate this opportunity to discuss this item. Our problem is simply this, that we do not have an adequate meat inspection staff to meet the demands we are currently getting for the meat inspection service. There has been a rapid increase for several years now in the number of meatpacking plants that are opening up, and there has been a similar increase in operations, expanding operations in the established plants.

For example, during the past 3 years there has been an increase of 228 in the number of meat inspection establishments and also an increase of 103 cities and towns in which these establishments are located.

## REASON FOR RISE IN DEMAND

This continuing rise in the inspection demand is resulting from several things. One is that there has been quite a decentralization in the meatpacking industry. The packers have found that it is profitable to move out, in some cases, to rural areas where they get better breaks from the standpoint of labor supply.

They can also, through the improved transportation system, handle meat from rural areas just as well as they could from the large urban areas previously. The increasing development of chainstore operations also has a bearing. Such firms want to be in a position to send their meat interstate, and this has compelled the packers that are furnishing meat for them to come under Federal meat inspection.



The increase in population, of course, has correspondingly increased meat consumption, which has also had an effect on demands for meat inspection.

I mentioned a little bit earlier the expansion of operations in existing plants whereby putting on added shifts or increasing the production rate requires added inspection service.

#### SUPPLEMENTAL REQUEST TO BUDGET BUREAU

Senator HOLLAND. Let me ask you: This committee put in \$383,000 which was left out of your original budgeted amount of \$30,837,000. We put it back in. It was left out by the other body. Is this request predicated upon your feeling that that full budget amount will be allowed?

Mr. REAGAN. Yes, sir; it is.

Senator HOLLAND. The second question: Does this figure of \$1,357,000 you are asking represent the full request you made to the Budget Bureau?

Mr. REAGAN. No, sir.

Senator HOLLAND. What was the full request?

Mr. STEPHENS. \$2,500,000.

#### REQUEST TO MEET IMMEDIATE DEMANDS

Senator HOLLAND. Do you think that the \$1,357,000 that you are now requesting will enable you to provide coverage for all plants during the rest of fiscal 1965?

Mr. REAGAN. We think, Senator Holland, it will permit us to meet the immediate demands for this service. It is difficult to estimate precisely the rate at which new plants will require inspection. In the past we have rather consistently underestimated the rate at which these new plants might open up.

We think this request will take care of the immediate demands we have and will provide some help in meeting further demands. There is a question whether it will actually meet all the demands we may get for the remainder of the fiscal year.

Senator HOLLAND. Of course, the additional people that you bring into your service from now on will not be employed for the full year, fiscal 1965?

Mr. REAGAN. That is right.

Senator HOLLAND. Have you taken that into account in this request?

Mr. REAGAN. Yes, sir.

#### PERSONNEL REQUEST

Senator HOLLAND. I notice that your request is built upon the supplemental estimate and is built upon the financing of 165 additional man-years of employment. Does that mean full man-years?

Mr. REAGAN. That is full man-years.

Senator HOLLAND. You won't have that many full man-years, will you?

Mr. STEPHENS. The estimate provides for 200 positions and approximately 165 man-years in 1965.

Senator HOLLAND. In other words, you are giving notice that your request for next year will be a good deal larger than the request for this year even with this supplemental item added?

Mr. STEPHENS. It would require some.

Senator HOLLAND. How is that 165 man-years broken down between inspectors and veterinarians?

Dr. SOMERS. There will be about 65 veterinarians and the remainder will be meat inspectors.

Senator HOLLAND. In other words, out of the 200 just mentioned that will be put on during the rest of the year, about 65 of them will be veterinarians and the rest of them will be inspectors?

Dr. SOMERS. There will be a few support personnel. We will need a few chemists and support personnel, but principally inspectors.

Senator HOLLAND. Let me see if I understand you. Your total number, including inspectors, veterinarians and support personnel will be, you think, around 200 to be added for the rest of this year? They will be added at such times as they will amount to a total use of 165 man-years, is that correct?

Mr. STEPHENS. Yes, sir.

Senator HOLLAND. You think by being given that much you can carry out your full year's responsibility?

Mr. REAGAN. It is difficult, as I mentioned, to estimate a year ahead just how many of these plants are going to open and the rate at which they are going to open. This affects the demand for meat inspection service.

Senator HOLLAND. You realize that this committee does not like supplemental estimates and certainly does not like duplicative or double supplemental estimates in the same year. That does not look like good management. We hope you have asked for enough now to carry you through the year.

I believe that is all.

#### PROPORTION OF VETERINARIANS

Senator ELLENDER. What is the proportion of veterinarians to inspectors in your whole plan, among all of your employees engaged in meat inspection?

Dr. SOMERS. It is about 1 out of 4.

Senator ELLENDER. Because this is almost a third, 65 out of 200, what do they do that contrasts to the inspectors? Aren't they somewhat inspectors of meat also?

Dr. SOMERS. Yes. We have an increased need for veterinarians because of the decentralization of the work, with slaughtering plants opening up in new locations. We have to have veterinarians to man the slaughtering plants. They can be assisted by meat inspectors but many of these newer plants that are opening up are smaller operations requiring only one or two men. One of those men has to be a veterinarian.

#### AVERAGE SALARIES

Senator ELLENDER. What is the difference in pay between a veterinarian and a meat inspector?

Dr. SOMERS. I don't have the actual salary. The average veterinarian grade is GS-11.

Senator ELLENDER. That is how much money under the new pay act by the way?

Dr. SOMERS. The average salary is about \$9,500 for the veterinarian.

Senator ELLENDER. \$9,500?

Dr. SOMERS. That is under the old pay act. For the meat inspectors it would be about \$6,700.

Senator ELLENDER. Thank you.

Senator HOLLAND. Senator Young.

#### NEED FOR ORIGINAL AMOUNT REQUESTED

Senator YOUNG. If I understood you correctly you said the \$1,357,000 supplemental budget estimate would take care of your problem?

Mr. REAGAN. Yes, it will take care of the immediate problem with which we are faced, and will also provide for inspection at some new plants.

Senator YOUNG. I was under the impression that you needed extra \$2,500,000?

Mr. REAGAN. That was based on our best estimate of what we thought our needs would be in this.

Senator YOUNG. You actually believed that \$2 $\frac{1}{2}$  million would more nearly meet the requirement than the \$1,357,000?

Mr. REAGAN. That is right.

Senator YOUNG. I really think you are right.

Senator HOLLAND. Senator Allott.

#### SHORTAGE OF INSPECTORS

Senator ALLOTT. In your statement at the bottom of page 2 you say:

At the time requests for appropriation was made in each of the years beginning with fiscal year 1961 we made an estimate of the number of establishments to be financed within the fund request. Each year the estimate was exceeded, nonrecurring financing had to be resorted to meet the additional needs temporarily.

I know that in Nebraska there have been plants closed down because there were no inspectors available.

Dr. SOMERS. They have not been closed down entirely but their operations have been curtailed.

Senator ALLOTT. I wonder what would happen if we curtailed the operations of Ford Motor Co. or GMC or somebody like that because of the lack of inspectors? What I want to do is follow up the questions of the chairman of the committee, Senator Holland.

#### REQUIRED INSPECTION

I want to be sure that we require these people who have these plants to have their meat inspected. If the meat is going to cross a State line, they have no choice. Is this correct?

Mr. REAGAN. That is right.

Senator ALLOTT. Therefore, I think that, if this is the situation, and it has been since 1906 or 1907, we have an equal obligation to see that these people have the necessary inspectors. I just want to be sure that according to your estimates you are not again underestimating, as you say you have done in each year since 1961.



Senator HOLLAND. He has said, as I understand it that they requested more and the Budget Bureau refused it. What was the amount of your original asking?

Mr. REAGAN. \$2,500,000.

Senator HOLLAND. So, there cannot be any certainty on this point which I regret. I certainly don't like to think about three appropriations in the course of 1 year, the annual, the supplemental, and then the supplemental supplemental from one agency.

POSITION REQUESTED FROM BUDGET BUREAU

Senator ALLOTT. How many positions did you request from the Bureau of the Budget?

Dr. SOMERS. 400.

Senator ALLOTT. They cut you down to what?

Dr. SOMERS. 200.

Senator ALLOTT. Now, you are asking merely for the 200?

Dr. SOMERS. That is right.

Senator ALLOTT. You honestly believe you will have a need for more than 200; don't you?

Dr. SOMERS. Yes.

Senator ALLOTT. What would be your best estimate as to what you are going to need without respect to the Bureau of the Budget?

Mr. REAGAN. The original estimate, 400 people.

Senator ALLOTT. Thank you.

QUESTION OF OVERTIME

Senator HOLLAND. You could not work out that problem by overtime?

Mr. REAGAN. We are doing that to the extent that we can now, Senator Holland. Where these plants have been operating on two 8-hour shifts, we cover those. But, when they want to expand and put on a third shift, we have been working two 12-hour shifts, in other words, out of the 24 hours, everything over 16 hours is covered in overtime. Total overtime payments by packers are running over \$7 million a year.

Senator HOLLAND. I think the committee understands your problem. It is not unsympathetic with it. Thank you very much.

Senator YOUNG. I have one question. How much did meat slaughter increase in the last year and how many new slaughterhouses do you have to inspect?

Mr. REAGAN. In the last year?

Senator YOUNG. Yes. If you don't have this information now, put it in the record.

Dr. SOMERS. We have about 80 new slaughtering plants in the last year and meat production has increased substantially.

Senator YOUNG. If you don't have it, put it in the record.

(The information requested follows:)

DEPARTMENT OF AGRICULTURE, AGRICULTURAL RESEARCH SERVICE

*Tabulation showing population of the United States, number of establishments receiving Federal meat inspection and number of cities and towns in which located, and volume of federally inspected meat*

	Population of United States <sup>1</sup> (as of July 1)	Number of establishments receiving meat inspection service (as of June 30)	Number of cities and towns in which establishments were located (as of June 30)	Volume of federally inspected meat during fiscal year (millions of pounds)
1956.....	168,903,000	1,184	471	58,347.2
1957.....	171,984,000	1,244	502	57,228.7
1958.....	174,882,000	1,300	518	54,222.3
1959.....	177,830,000	1,334	546	56,327.0
1960.....	180,684,000	1,396	572	60,188.2
1961.....	183,756,000	1,451	599	59,698.5
1962.....	186,656,000	1,511	623	61,798.2
1963.....	189,375,000	1,590	672	64,437.1
1964.....	<sup>2</sup> 191,851,000	1,679	702	68,883.0

<sup>1</sup> Figures from "Current Population Report, Population Estimate," Bureau of Census series, P-25, No. 287, July 16, 1964.

<sup>2</sup> As of June 1, 1964.

Senator HOLLAND. Thank you, gentlemen.

NATIONAL COMMISSION ON FOOD MARKETING

STATEMENT OF CHARLES L. SCHULTZE, ASSISTANT DIRECTOR,  
BUREAU OF THE BUDGET

SALARIES AND EXPENSES

*Program and financing*

[In thousands of dollars]

	1963 actual	1964 estimate	1965 estimate
Program by activities: Study and appraise the marketing structure of the food industry (total program costs, funded) <sup>1</sup>			1,000
Total obligations.....			1,000
Financing: New obligational authority (appropriation).....			1,000

<sup>1</sup> Includes capital outlay as follows: 1965, \$40,000.

*Object classification*

[In thousands of dollars]

	1963 actual	1964 estimate	1965 estimate
11 Personnel compensation:			
Permanent positions.....			324
Positions other than permanent.....			90
Other personnel compensation.....			6
Total personnel compensation.....			420
12 Personnel benefits.....			25
21 Travel and transportation of persons.....			115
23 Rent, communications, and utilities.....			65
24 Printing and reproduction.....			90
25 Other services.....			160
Services of other agencies.....			70
26 Supplies and materials.....			15
31 Equipment.....			40
Total obligations.....			1,000



*Personnel summary*

	1963 actual	1964 estimate	1965 estimate
Total number of permanent positions.....			47
Full-time equivalent of other positions.....			10
Average number of all employees.....			45
Employees in permanent positions, end of year.....			47
Employees in other positions, end of year.....			3
Average GS grade.....			9
Average GS salary.....			\$8,857

*Detail of personnel compensation*

	1963 actual		1964 estimate		1965 estimate	
	Number	Total salary	Number	Total salary	Number	Total salary
Grades and ranges:						
Special positions at rates equal to or in excess of \$18,000: Executive Director.....					1	\$24,500
GS-17. \$21,445 to \$24,445: General Counsel.....					1	22,190
GS-15. \$16,460 to \$21,590: Assistant counsel.....					1	17,030
Project leader.....					4	68,120
GS-13. \$12,075 to \$15,855.....					6	74,970
GS-12. \$10,250 to \$13,445.....					4	42,420
GS-11. \$8,650 to \$11,305.....					5	44,720
GS-9. \$7,220 to \$9,425.....					1	7,460
GS-8. \$6,630 to \$8,610.....					1	6,850
GS-7. \$6,050 to \$7,850.....					5	31,250
GS-6. \$5,505 to \$7,170.....					5	28,450
GS-5. \$5,000 to \$6,485.....					7	36,150
GS-4. \$4,480 to \$5,830.....					6	27,780
Total permanent.....					47	431,910
Deduct: Lapses.....					11.7	107,910
Net permanent (average number, net salary).....					35.3	324,000
Positions other than permanent: Intermittent employment.....						90,000
Other personnel compensation: Overtime and holiday pay.....						6,000
Total personnel compensation.....						420,000

## SUPPLEMENTAL REQUEST

Senator HOLLAND. The next item is an appropriation request for \$1 million for the expenses of the new National Commission on Food Marketing. This Commission was authorized by Public Law 88-354. Mr. Charles L. Schultze, Assistant Director of the Bureau of the Budget, is here to submit testimony in justification of this estimate.

The justification appears in the record above.

Senator HOLLAND. Without objection, Mr. Schultze will present his statement.

Now, you may proceed with your testimony.

## STATEMENT OF CHARLES L. SCHULTZE

Mr. SCHULTZE. Thank you, Mr. Chairman.

This is a request for a supplemental appropriation of \$1 million for the purpose of establishing a National Commission on Food Marketing and enabling it to perform its assigned duties.

Establishment of that Commission was authorized by joint resolution of the Congress, Public Law 88-354 of the 88th Congress. As the resolution was not signed into law until July 3, 1964, it was not possible to request funds for it as a part of the original 1965 budget request.

#### PROVISIONS OF RESOLUTION

The resolution calls for naming a National Commission on Food Marketing composed of five members of the Senate, five of the House of Representatives, and five public members to be appointed by the President. We understand that the House and Senate members have been appointed. All of the public members have been appointed, but no chairman is available to testify on this supplemental request.

Senator ELLENDER. Have they been named yet?

Mr. SCHULTZE. They have, sir.

Senator ELLENDER. Will you put in the record the list of names?

Mr. SCHULTZE. I will, both the House and Senate and also the public members have been named.

(These names appear on pp. 74 and 75.)

#### FUNCTION OF COMMISSION

This Commission is charged with studying and appraising the marketing structure of the food industry. Six particular areas of inquiry are enumerated. In brief, the legislation directs the Commission to study the changes that have been taking place in the food marketing system, the changes that are likely to occur in the future, the kind of food marketing system that is best for our country, and how we might get such a system.

The resolution calls for a report of findings and conclusions to be made to the President and the Congress by July 1, 1965.

During hearings held in both Houses of the Congress a large number of witnesses testified to the importance of the proposed inquiry. Without exception they endorsed the proposed legislation. All seemed to agree that the food marketing system has grown so rapidly and changed so dramatically that few persons now fully understand it or comprehend its significance to farmers, to processors, to distributors, or to consumers.

Yet that marketing system is so important to our living standards that an inquiry into its organization and operation is needed.

#### REASON FOR SMALLER REQUESTS

However, in view of the fact that the Commission is scheduled to report next July 1, that 1½ months of the fiscal year have already elapsed, and that it will take some time to staff up the Commission, we are requesting only \$1 million for fiscal 1965.

Under these circumstances, we believe that the requested amount represents the most efficient level of operations for the Commission. Should the Commission find that it cannot complete its assigned responsibilities in the time allowed, the legislative history of the resolution suggests that the Congress would entertain a request for extension of the completion date.

We are by no means predicting that this will be the case. But we do not believe it would be efficient to attempt to preclude this eventuality by staffing the Commission at a higher level for a very quick intensive study.

#### PROVISIONS OF RESOLUTION

The enabling resolution contains few instructions as to manner of expending appropriated funds. It authorizes employment of an Executive Director and other personnel, including those who may be detailed to it on a reimbursable basis from departments or agencies of the Federal Government.

It provides for compensation of Commission members at \$100 per day. This would apply to public members. It authorizes payments of fees and mileage to witnesses, and the use of contractual services.

Based on that guidance, the discussion of staffing and other activities to be found in the hearing records, and comparisons with similar studies made previously, we have developed the estimates before you.

#### CONDUCTING SIMULTANEOUS INQUIRIES

These estimates contemplate that the Commission would conduct rather detailed inquiries into the several important subjects or areas, and would do so simultaneously, requiring staffing adequate therefor.

We believe that it is somewhat presumptuous to anticipate the particular manner in which the Commission will carry out its project, so that the estimates are highly approximate. We would be most happy to answer any questions you may have on this request.

#### PERSONNEL REQUEST

Senator HOLLAND. I notice you have provided here for 47 permanent positions?

Mr. SCHULTZE. Yes, sir.

Senator HOLLAND. And the equivalent of 10 other full-time positions by nonpermanent employees. In what capacity would those permanent employees be engaged?

Mr. SCHULTZE. The use of the term "permanent employees" is admittedly an unfortunate term. Permanent does not mean that the Commission will be permanent but it is to distinguish these employees from consultants.

That is point No. 1. Second, if I understand your question correctly, you are asking precisely how would we consider that these 47 would be used in carrying out the work of the Commission.

Senator HOLLAND. Yes; 47 permanent employees and the equivalent of 10 other full-time employees really means 57 permanent employees, subject to your condition, well stated, that this is not a permanent Commission.

#### DISTRIBUTION OF TYPES OF PERSONNEL

Mr. SCHULTZE. What we have done is as follows, again subject to that same condition: We have set up an office for the Executive Director, consisting of himself and two clerical assistants. Second, we provide for two lawyers and the necessary clerical help. Since the



Commission of necessity has subpoena power to obtain records and other necessary information, there will be a significant amount of legal work involved. The legal staff will consist of approximately four people, I believe.

Finally, an administrative staff of one professional and two clerical assistants. Now, again, subject to the reservation I previously mentioned, we do not want to tell the Commission exactly how to carry out its work. We think the best approach was to set up four project teams, composed of five economist research types and the necessary clerical help to look simultaneously into the various aspects of overall trends in the food marketing industry and how they fit into the national economy.

An example would be the specific development of the production, marketing, processing, et cetera, of beef.

We would think that the Commission would want to look into this specifically. We set up four project teams to look into this. Eight men apiece, that is thirty-two. Similarly, we thought that since this will involve the collection, assimilation, and a fairly sophisticated treatment of a mass of data, we have included a statistical team composed of three statisticians and two lower grade clerical help.

Senator HOLLAND. Do you have an outline of the complete breakdown of your staff of 47 permanent positions and the equivalent of 10 others? If so, please place it in the record.

Mr. SCHULTZE. We have 1 on the 47. We do not on the 10.

Senator HOLLAND. Has the Commission had a meeting?

Mr. SCHULTZE. It has not, sir.

Senator HOLLAND. You do not know whether they will want to utilize an executive staff of this size?

Mr. SCHULTZE. That is correct.

#### AUTHORIZATION OF PERSONNEL ARRANGEMENT

Senator HOLLAND. Don't you think it would be well for them to have a meeting and decide what they need?

Mr. SCHULTZE. The Chairman is Judge Jones who is now in a clinic getting a checkup to determine his availability, physical capacity, et cetera.

Senator HOLLAND. Has the Chairman approved this number of personnel?

Mr. SCHULTZE. To the best of my knowledge he did not, sir.

Senator HOLLAND. Does he know anything about it?

Mr. SCHULTZE. In terms of the specific number of personnel, no, sir.

Senator HOLLAND. Who does know anything about it? Who did it?

Mr. SCHULTZE. The Bureau of the Budget and the General Services Administration combined with the assistance of experts from the Department of Agriculture.

Senator HOLLAND. Has the Bureau of the Budget picked out a general manager and two lawyers?

Mr. SCHULTZE. No, sir. We have not.

Senator HOLLAND. You are going to let the Commission have a little jurisdiction.

## TENTATIVE ARRANGEMENTS

Mr. SCHULTZE. Let me back way up if I may, Mr. Chairman. Clearly in coming up before you and asking for a specific amount of money which we have to do to get the Commission going we figured you would want to know on what basis you get it a million dollars.

This is what we thought would be possibly the best use of personnel to undertake this job. I want to make very clear as far as we are concerned, we don't want to bind the Commission to using four project teams.

## MEMBERS OF COMMISSION

Senator HOLLAND. You say five Senators and five House Members have been named on the Commission?

Mr. SCHULTZE. That is correct.

Senator HOLLAND. Has a meeting of that group been held and do you know whether they would be willing to have their names used in connection with this particular request?

Mr. SCHULTZE. They have been appointed, sir. But we have not held a meeting?

Senator ELLENDER. Will you name those Members appointed for the record?

Mr. SCHULTZE. Yes, sir. In the Senate, Senators Magnuson, McGee, Hart, Morton, and Hruska.

In the other body, Congresswomen May and Sullivan, Congressmen Purcell, Rosenthal, and Cunningham.

Senator HOLLAND. It would occur to me that our distinguished chairman of the Committee on Agriculture and Research in the Senate might well have been appointed to this group.

In the other body I don't see any representation from the similar committee there appearing here, at least from among the ranking Members that we see in conference like Congressman Cooley, Congressman Poage, Congressman Gathings, Congressman Hoen, although there may be some of the junior Members on this group. I wonder why the affected committees in the Senate and House, the Committees on Agriculture and Forestry, were excluded from membership on this Commission.

## SELECTION OF MEMBERS

Mr. SCHULTZE. Mr. Chairman, all I can do is read you the language of the act. It says five Members of the Senate to be appointed by the President of the Senate.

Senator HOLLAND. I notice Senator Young has gone. He is the ranking member of this subcommittee. He is also next to the ranking member of the minority side of the Legislative Committee. I wonder if he has turned down an appointment on this commission, and what about Senator Aiken the ranking member of that committee?

Mr. SCHULTZE. Again, Mr. Chairman, what procedures were used by the President of the Senate and the Speaker of the House to make this determination, I don't know.

Senator HOLLAND. I think you have a complete cloak to stand behind. I find no fault with it.

Who are the public members?

Mr. SCHULTZE. The latest information I have is that the public members have been appointed.

Senator ELLENDER. Must they be ratified by the Senate?

## CITIZEN MEMBERS

Mr. SCHULTZE. No, sir; five members to be appointed by the President from outside the Federal Government, period.

Off the record.

(Discussion off the record.)

Senator HOLLAND. Who are they?

Mr. SCHULTZE. Judge Marvin Jones, of Texas.

Senator HOLLAND. An excellent appointee.

Mr. SCHULTZE. Former Congressman Fred Marshall from Minnesota.

Senator HOLLAND. Another.

Mr. SCHULTZE. Mr. William Batten, of New York, president of the J. C. Penney Co., Mr. Albert Mitchell, a New Mexico cattle producer and Elmer R. Kiehl, dean of the agriculture university, University of Missouri.

Senator HOLLAND. It sounds like a good group.

Senator ELLENDER. Has the Executive Secretary been appointed?

Mr. SCHULTZE. No, sir.

Senator HOLLAND. I am glad that some minor discretion is still left to the Commission. I hope they do their job well.

Mr. SCHULTZE. I want to emphasize that our presentation of the budget to you was only in terms of the specific way we thought the personnel could be divided up, we will leave to the Commission the specific division of personnel.

Senator HOLLAND. You don't require that the Commission use this entire million dollars if they feel like they can do their job with fewer personnel?

Mr. SCHULTZE. That is correct, sir.

Senator HOLLAND. Good. I think you do leave some discretion in the Commission.

Are there further questions?

Thank you very much, Mr. Schultze. We understand the difficulties under which you are serving.





## HOUSE AND HOME FINANCE AGENCY

STATEMENT OF ROBERT C. WEAVER, ADMINISTRATOR; ACCOMPANIED BY MILTON P. SEMER, AGENCY GENERAL COUNSEL; JOHN C. KOHL, ASSISTANT ADMINISTRATOR (TRANSPORTATION); NATHANIEL J. EISEMAN, ACTING AGENCY BUDGET OFFICER; AND DAVID S. BROWN, BUDGET ANALYST

### URBAN TRANSPORTATION LEGISLATION

Senator ALLOTT (presiding). Now, we have several items under Housing and Home Finance Agency to finance the recently enacted urban transportation legislation for grants for fiscal year 1965. An estimate has been received of \$75 million.

For fiscal year 1966, an estimate has been submitted of \$150 million. For loans, we have a request in the amount of \$5 million and for administrative expenses in the urban transportation activities \$375,000 is requested. We have Mr. Weaver, Mr. Semer, Mr. Eiseman, Mr. Kohl, and Mr. Brown.

Mr. WEAVER. I am extremely pleased and honored to present to you today the administration's request for the appropriations which, when enacted, will launch the programs authorized by the Urban Mass Transportation Act of 1964.

Senator ALLOTT. This act will be included in the record immediately following Mr. Weaver's statement.

### A PROBLEM OF NATIONAL CONCERN

Mr. WEAVER. In my opinion, the enactment of this act is a major breakthrough—not only toward a beginning in solving the transportation problems which plague our cities, but also in defining the appropriate role of the Federal Government, and more specifically of the Housing and Home Finance Agency, in coming to grips with these problems.

In its planning provisions as well as in its financing provisions, the new act recognizes the existence of a national concern, but provides appropriate safeguards for the primary responsibility of the local community and local levels of government.

### EMPHASIS ON PRIVATE ENTERPRISE

It provides effectively for reliance to the maximum extent feasible on private enterprise operations, and successfully avoids creating any new incentive to more widespread public ownership of transportation facilities, or to wasteful competition between private and publicly owned systems.

## COORDINATED PLANNING FOR ORDERLY URBAN GROWTH

And it recognizes the vital fact that the planning of mass transportation systems is inseparably related to the planning of orderly growth for an urban area as a whole—a fact that many communities have learned the hard way, at immense economic cost.

By assigning the program to the Housing and Home Finance Agency, Congress has immensely facilitated our task of attempting to maintain coordination and singleness of purpose among a variety of programs affecting housing and urban development.

Mr. Chairman, I would not and do not present this program to you as a panacea which will quickly cure the ills that have resulted from half a century of accelerating urbanization. But it is a beginning, and in my judgment a most important and promising beginning.

## POLICY FOR PROGRAM ADMINISTRATION

Our policy in the administration of this new program can be stated very simply: It will be to try to get the maximum effect in the rejuvenation and improvement of urban transportation systems with the minimum investment of Federal funds in each case.

This will mean close and careful review of every application made to us, and probably extended negotiations in most cases. But the total capital needs for transportation in this country can be measured in billions, and we have no intention of giving anyone the impression that the Federal Government is about to undertake the financing of transportation facilities in any such magnitude.

Therefore, it behooves us to make these funds in the truest sense "seed capital"—a Federal contribution which will help to restore a vital industry to economic life and viability.

We have put before your committee a rather complete justification for these estimates, in which, among other things, you will find a summary of the provisions of the Urban Mass Transportation Act and a reprint of the text of the act itself.

## HIGHLIGHTS OF THE NEW ACT

However, I do not suppose that in these hurried days many of the members of this committee will have had the opportunity to review this submission in detail, and therefore it might be as well for me at this point to recapitulate the highlights of the new programs authorized by the act.

## LONG-RANGE PROGRAM OF FINANCIAL ASSISTANCE

The Urban Mass Transportation Act of 1964 authorizes a long-range program of financial assistance to States and local public bodies or agencies providing, through both public and private transportation companies, specific types of urban transportation facilities necessary for the orderly growth and development of our urban communities. The new program replaces the temporary program of loans and demonstration grants authorized by the Congress in the Housing Act of 1961.

Under the act, Federal grants are provided for up to two-thirds of that portion of the cost of urban transportation facilities and equipment that cannot reasonably be financed from estimated reve-



nues. This portion of the cost—the part that cannot be financed from revenues—is called net project cost.

Local funds would be required for the remaining one-third of net project cost. If there are surplus revenues, part or all of the Federal grant would be required to be repaid, along with the proportionate share of the local grant.

#### LOAN PROGRAM

Federal loans, also provided for in the act, would be authorized only in cases where the total project cost could be financed by this means with reasonable assurance of repayment.

Also, such loans would be made by the Government only when the funds could not be obtained in the private market on reasonable terms. Under the act, Federal loans could not be used to supplement grant funds.

Under the long-range program, both grants and loans would be subject to strict planning requirements. The act requires preparation of a program for a unified or officially coordinated urban transportation system. This program must, in turn, be an integral part of a comprehensive development plan for the urban area.

Federal grant assistance is available for this planning under our urban planning assistance program authorized by section 701 of the Housing Act of 1954, as amended.

#### EMERGENCY PROGRAM

The act authorizes, also, for a 3-year initial period, Federal loans and grants on an emergency basis, with somewhat less strict planning requirements and with a one-half rather than a two-thirds Federal grant.

The remaining one-sixth Federal grant would become available for these projects if the full planning requirements were met within 3 years from the date of the grant agreement.

#### AUTHORIZATION FOR APPROPRIATIONS

Authorization is provided for the appropriation of \$375 million to be used for grants over a 3-year period as follows: \$75 million available for fiscal year 1965, \$150 million available on July 1, 1965, and another \$150 million on July 1, 1966. The \$50 million loan authority contained in the Housing Act of 1961 is retained, but only \$5 million is requested for appropriation at this time.

#### DEMONSTRATION PROGRAM

A demonstration program is authorized to apply to all phases of urban transportation in place of the present demonstration program authorized under the 1961 act. For this purpose, \$10 million could be allocated from grant funds in each of the fiscal years 1965, 1966, and 1967.

#### RELOCATION PROGRAM

An adequate relocation program for persons and families displaced by urban mass transportation projects is required. Federal grants

are authorized for relocation payments to individuals, business concerns, and nonprofit corporations on the same basis as in the Agency's urban renewal program.

#### REASONS FOR THE 2-YEAR GRANT APPROPRIATION

With respect to grants—the major new program authorized by the act—we propose appropriation of the first 2 years' funds: that is, \$75 million for the current year, and \$150 million for the fiscal year 1966. While the \$150 million would not be available until next July, we think it is very important that it be appropriated now, under the terms of the authorizing legislation which states that such funds can be appropriated "at any time" after the enactment of the authorization.

The reason for this is simple. Projects to be assisted under this new law are complicated business for the local people involved. Apart from their purely technical and financial difficulties, there are important and rather difficult requirements they have to meet with respect to such matters as, for example, demonstrating the relationship of the specific project proposed to what the act refers to as a—

unified or officially coordinated urban transportation system \* \* \* necessary for the sound, economic, and desirable development of (such) area.

To secure a two-thirds grant, the applicant must show that such a relationship exists now, whereas for a 50-percent grant, it must be shown that planning along these lines is actively underway and that the facilities applied for can reasonably be expected to be required for such a system when the planning is complete.

These are not easy questions, for the local people or for us. It is not likely that many communities will undertake the work and the expense of meeting these tests unless they have some assurance that funds will be available when they have done their end of the job.

This was, of course, exactly the concept under which the authorizing law was drafted. The funds for next year could not and would not be committed before next July 1; at the same time, no preliminary work at the local level would be stymied because of uncertainty as to whether the funds authorized would actually be appropriated.

Technically, the act would permit appropriation of the full 3-year amount of \$375 million now, but we believe that the first 2 years' funds will be sufficient to get the program off to a good start.

#### ADMINISTRATIVE EXPENSE REQUEST

With respect to administrative funds, we are fortunate that under the experimental program authorized in 1961 we have been able to organize a small Office of Transportation under the leadership of a very distinguished figure in this field, Mr. John C. Kohl. As a result, we can build on this small group with a request for employment and administrative funds which is much smaller than it would be if we had to start from scratch.

#### YEAREND EMPLOYMENT

As the justification before you sets forth in detail, we would anticipate a yearend employment of 45 additional people. Of this staff, several of the key supervisory people are already on board, and financed from the appropriation in our regular bill for carrying out the remaining functions under the 1961 act.

Hence, all we are asking for now is the additional staff needed to take on the new and much greater task under the Urban Mass Transportation Act of 1964.

Mr. Chairman, this legislation has been long needed and long under consideration, and the Congress has passed what I think is a very valuable law in a most difficult field. I hope that your committee and the whole Congress will now act favorably on the necessary appropriations, so that we may get on with the job.

Seneator ALLOTT. That is an excellent statement, Mr. Weaver.

Mr. WEAVER. Thank you, sir.

#### TEXT OF URBAN MASS TRANSPORTATION ACT OF 1964

Senator ALLOTT. As I said earlier, I think we should have the full text of the new Urban Mass Transportation Act of 1964 printed in the record.

(The material referred to follows:)

#### PUBLIC LAW 88-365, 88TH CONGRESS, S. 6, JULY 9, 1964

AN ACT To authorize the Housing and Home Finance Administrator to provide additional assistance for the development of comprehensive and coordinated mass transportation systems, both public and private, in metropolitan and other urban areas, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Urban Mass Transportation Act of 1964".

#### FINDINGS AND PURPOSES

SEC. 2. (a) The Congress finds—

(1) that the predominant part of the Nation's population is located in its rapidly expanding metropolitan and other urban areas, which generally cross the boundary lines of local jurisdictions and often extend into two or more States;

(2) that the welfare and vitality of urban areas, the satisfactory movement of people and goods within such areas, and the effectiveness of housing, urban renewal, highway, and other federally aided programs are being jeopardized by the deterioration or inadequate provision of urban transportation facilities and services, the intensification of traffic congestion, and the lack of coordinated transportation and other development planning on a comprehensive and continuing basis; and

(3) that Federal financial assistance for the development of efficient and coordinated mass transportation systems is essential to the solution of these urban problems.

(b) The purposes of this Act are—

(1) to assist in the development of improved mass transportation facilities, equipment, techniques, and methods, with the cooperation of mass transportation companies both public and private;

(2) to encourage the planning and establishment of areawide urban mass transportation systems needed for economical and desirable urban development, with the cooperation of mass transportation companies both public and private; and

(3) to provide assistance to State and local governments and their instrumentalities in financing such systems, to be operated by public or private mass transportation companies as determined by local needs.

#### FEDERAL FINANCIAL ASSISTANCE

SEC. 3. (a) In accordance with the provisions of this Act, the Administrator is authorized to make grants or loans (directly, through the purchase of securities or equipment trust certificates, or otherwise) to assist States and local public bodies and agencies thereof in financing the acquisition, construction, reconstruction, and improvement of facilities and equipment for use, by operation or lease



or otherwise, in mass transportation service in urban areas and in coordinating such service with highway and other transportation in such areas. Eligible facilities and equipment may include land, but not public highways), buses and other rolling stock, and other real or personal property needed for an efficient and coordinated mass transportation system. No grant or loan shall be provided under this section unless the Administrator determines that the applicant has or will have (1) the legal, financial, and technical capacity to carry out the proposed project, and (2) satisfactory continuing control, through operation or lease or otherwise, over the use of the facilities and equipment. No such funds shall be used for payment of ordinary governmental or nonproject operating expenses.

(b) No loan shall be made under this section for any project for which a grant is made under this section, except grants made for relocation payments in accordance with section 7(b). Loans under this section shall be subject to the restrictions and limitations set forth in paragraphs (1), (2), and (3) of section 202(b) of the Housing Amendments of 1955. The authority provided in section 203 of such Amendments to obtain funds for loans under clause (2) of section 202(a) of such Amendments shall (except for undisbursed loan commitments) hereafter be exercised by the Administrator (without regard to the proviso in section 202(d) of such Amendments) solely to obtain funds for loans under this section.

(c) No financial assistance shall be provided under this Act to any State or local public body or agency thereof for the purpose, directly or indirectly, of acquiring any interest in, or purchasing any facilities or other property of, a private mass transportation company, or for the purpose of constructing, improving, or reconstructing any facilities or other property acquired (after the date of the enactment of this Act) from any such company, or for the purpose of providing by contract or otherwise for the operation of mass transportation facilities or equipment in competition with, or supplementary to, the service provided by an existing mass transportation company, unless (1) the Administrator finds that such assistance is essential to a program, proposed or under active preparation, for a unified or officially coordinated urban transportation system as part of the comprehensively planned development of the urban area, (2) the Administrator finds that such program, to the maximum extent feasible, provides for the participation of private mass transportation companies, (3) just and adequate compensation will be paid to such companies for acquisition of their franchises or property to the extent required by applicable State or local laws, and (4) the Secretary of Labor certifies that such assistance complies with the requirements of section 10(c) of this Act.

#### LONG-RANGE PROGRAM

SEC. 4. (a) Except as specified in section 5, no Federal financial assistance shall be provided pursuant to section 3 unless the Administrator determines that the facilities and equipment for which the assistance is sought are needed for carrying out a program, meeting criteria established by him, for a unified or officially coordinated urban transportation system as a part of the comprehensively planned development of the urban area, and are necessary for the sound, economic, and desirable development of such area. Such program shall encourage to the maximum extent feasible the participation of private enterprise. Where facilities and equipment are to be acquired which are already being used in mass transportation service in the urban area, the program must provide that they shall be so improved (through modernization, extension, addition, or otherwise) that they will better serve the transportation needs of the area. The Administrator, on the basis of engineering studies, studies of economic feasibility, and data showing the nature and extent of expected utilization of the facilities and equipment, shall estimate what portion of the cost of a project to be assisted under section 3 cannot be reasonably financed from revenues—which portion shall hereinafter be called "net project cost". The Federal grant for such a project shall not exceed two-thirds of the net project cost. The remainder of the net project cost shall be provided, in cash, from sources other than Federal funds, and no refund or reduction of that portion so provided shall be made at any time unless there is at the same time a refund of a proportional amount of the Federal grant.

(b) To finance grants under this Act there is hereby authorized to be appropriated at any time after its enactment not to exceed \$75,000,000 for fiscal year 1965; \$150,000,000 for fiscal year 1966; and \$150,000,000 for fiscal year 1967. Any amount so appropriated shall remain available until expended; and any amount

authorized but not appropriated for any fiscal year may be appropriated for any succeeding fiscal year. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any grant made pursuant to this Act.

#### EMERGENCY PROGRAM

SEC. 5. Prior to July 1, 1967, Federal financial assistance may be provided pursuant to section 3 where (1) the program for the development of a unified or officially coordinated urban transportation system, referred to in section 4(a), is under active preparation although not yet completed, (2) the facilities and equipment for which the assistance is sought can reasonably be expected to be required for such a system, and (3) there is an urgent need for their preservation or provision. The Federal grant for such a project shall not exceed one-half of the net project cost: *Provided*, That where a Federal grant is made on such a one-half basis, and the planning requirements specified in section 4(a) are fully met within a three-year period after the execution of the grant agreement, an additional grant may then be made to the applicant equal to one-sixth of the net project cost. The remainder of the net project cost shall be provided, in cash, from sources other than Federal funds, and no refund or reduction of that portion so provided shall be made at any time unless there is at the same time a refund of a proportional amount of the Federal grant.

#### RESEARCH, DEVELOPMENT, AND DEMONSTRATION PROJECTS

SEC. 6. (a) The Administrator is authorized to undertake research, development, and demonstration projects in all phases of urban mass transportation (including the development, testing, and demonstration of new facilities, equipment, techniques, and methods) which he determines will assist in the reduction of urban transportation needs, the improvement of mass transportation service, or the contribution of such service toward meeting total urban transportation needs at minimum cost. He may undertake such projects independently or by contract (including working agreements with other Federal departments and agencies). In carrying out the provisions of this section, the Administrator is authorized to request and receive such information or data as he deems appropriate from public or private sources.

(b) The Administrator may make available to finance projects under this section not to exceed \$10,000,000 of the mass transportation grant authorization provided in section 4(b), which limit shall be increased to \$20,000,000 on July 1, 1965, and to \$30,000,000 on July 1, 1966. In addition, notwithstanding the provisions of section 4 of this Act or of section 103(b) of the Housing Act of 1949, the unobligated balance of the amount available for mass transportation demonstration grants pursuant to the proviso in such section 103(b) shall be available solely for financing projects under this section.

(c) Nothing contained in this section shall limit any authority of the Administrator under section 602 of the Housing Act of 1956 or any other provision of law.

#### RELOCATION REQUIREMENTS AND PAYMENTS

SEC. 7. (a) No financial assistance shall be extended to any project under section 3 unless the Administrator determines that an adequate relocation program is being carried on for families displaced by the project and that there are being or will be provided (in the same area or in other areas generally not less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the displaced families) an equal number of decent, safe, and sanitary dwellings available to those displaced families and reasonably accessible to their places of employment.

(b) Notwithstanding any other provision of this Act, financial assistance extended to any project under section 3 may include grants for relocation payments, as herein defined. Such grants may be in addition to other financial assistance for the project under section 3, and no part of the amount of such relocation payments shall be required to be contributed as a local grant. The term "relocation payments" means payments by the applicant to individuals, families, business concerns, and nonprofit organizations for their reasonable and necessary moving expenses and any actual direct losses of property, except goodwill or profit, for which reimbursement or compensation is not otherwise made, resulting from their displacement by the project. Such payments shall



be made subject to such rules and regulations as may be prescribed by the Administrator, and shall not exceed \$200 in the case of an individual or family, or \$3,000 (or if greater, the total certified actual moving expenses) in the case of a business concern or nonprofit organization. Such rules and regulations may include provisions authorizing payment to individuals and families of fixed amounts (not to exceed \$200 in any case) in lieu of their respective reasonable and necessary moving expenses and actual direct losses of property.

COORDINATION OF FEDERAL ASSISTANCE FOR HIGHWAYS AND FOR MASS  
TRANSPORTATION FACILITIES

SEC. 8. In order to assure coordination of highway and railway and other mass transportation planning and development programs in urban areas, particularly with respect to the provision of mass transportation facilities in connection with federally assisted highways, the Administrator and the Secretary of Commerce shall consult on general urban transportation policies and programs and shall exchange information on proposed projects in urban areas.

GENERAL PROVISIONS

SEC. 9. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this Act, the Administrator shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402, except subsections (c) (2) and (f), of the Housing Act of 1950. Funds obtained or held by the Administrator in connection with the performance of his functions under this Act shall be available for the administrative expenses of the Administrator in connection with the performance of such functions.

(b) All contracts for construction, reconstruction, or improvement of facilities and equipment in furtherance of the purposes for which a loan or grant is made under this Act, entered into by applicants under other than competitive bidding procedures as defined by the Administrator, shall provide that the Administrator and the Comptroller General of the United States, or any of their duly authorized representatives, shall, for the purpose of audit and examination, have access to any books, documents, papers, and records of the contracting parties that are pertinent to the operations or activities under such contracts.

(c) All contracts for construction, reconstruction, or improvement of facilities and equipment in furtherance of the purposes for which a loan or grant is made under this Act shall provide that in the performance of the work the contractor shall use only such manufactured articles as have been manufactured in the United States.

(d) As used in this Act—

(1) the term "States" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the possessions of the United States;

(2) the term "local public bodies" includes municipalities and other political subdivisions of States; public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States; and public corporations, boards, and commissions established under the laws of any State;

(3) the term "Administrator" means the Housing and Home Finance Administrator;

(4) the term "urban area" means any area that includes a municipality or other built-up place which is appropriate, in the judgment of the Administrator, for a public transportation system to serve commuters or others in the locality taking into consideration the local patterns and trends of urban growth; and

(5) the term "mass transportation" means transportation by bus or rail or other conveyance, either publicly or privately owned, serving the general public (but not including school buses or charter or sightseeing service) and moving over prescribed routes.

(e) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the funds necessary to carry out all functions under this Act except loans under section 3. All funds appropriated under this Act for other than administrative expenses shall remain available until expended.



(f) None of the provisions of this Act shall be construed to authorize the Administrator to regulate in any manner the mode of operation of any mass transportation system with respect to which a grant is made under section 3 or, after such grant is made, to regulate the rates, fares, tolls, rentals, or other charges fixed or prescribed for such system by any local public or private transit agency; but nothing in this subsection shall prevent the Administrator from taking such actions as may be necessary to require compliance by the agency or agencies involved with any undertakings furnished by such agency or agencies in connection with the application for the grant.

#### LABOR STANDARDS

SEC. 10. (a) The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed with assistance of loans or grants under this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. The Administrator shall not approve any such loan or grant without first obtaining adequate assurance that required labor standards will be maintained upon the construction work.

(b) The Secretary of Labor shall have, with respect to the labor standards specified in subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c).

(c) It shall be a condition of any assistance under this Act that fair and equitable arrangements are made, as determined by the Secretary of Labor, to protect the interests of employees affected by such assistance. Such protective arrangements shall include, without being limited to, such provisions as may be necessary for (1) the preservation of rights, privileges, and benefits (including continuation of pension rights and benefits) under existing collective bargaining agreements or otherwise; (2) the continuation of collective bargaining rights; (3) the protection of individual employees against a worsening of their positions with respect to their employment; (4) assurances of employment to employees of acquired mass transportation systems and priority of reemployment of employees terminated or laid off; and (5) paid training or retraining programs. Such arrangements shall include provisions protecting individual employees against a worsening of their positions with respect to their employment which shall in no event provide benefits less than those established pursuant to section 5(2)(f) of the Act of February 4, 1887 (24 Stat. 379), as amended. The contract for the granting of any such assistance shall specify the terms and conditions of the protective arrangements.

#### AIR POLLUTION CONTROL

SEC. 11. In providing financial assistance to any project under section 3, the Administrator shall take into consideration whether the facilities and equipment to be acquired, constructed, reconstructed, or improved will be designed and equipped to prevent and control air pollution in accordance with any criteria established for this purpose by the Secretary of Health, Education, and Welfare.

#### STATE LIMITATION

SEC. 12. Grants made under section 3 (other than grants for relocation payments in accordance with section 7(b)) for projects in any one State shall not exceed in the aggregate 12½ per centum of the aggregate amount of grant funds authorized to be appropriated pursuant to section 4(b).

Approved July 9, 1964.

#### LEGISLATIVE HISTORY

House Report No. 204 accompanying H.R. 3881 (Committee on Banking and Currency).

Senate Reports: Nos. 82, 83 (Committees on Banking and Currency; Commerce).

Congressional Record:

Vol. 109 (1963):

April 1-3, considered in Senate.

April 4, considered and passed Senate.

Vol. 110 (1964):

June 24, considered in House.

June 25, considered and passed House, amended, in lieu of H.R. 3881.

June 30, Senate concurred in House amendment.

## SUMMARY OF ACT

Senator ALLOTT. I also think it would be well to put in the record the appropriate excerpts from House Document No. 338 and the summary of the act from section A of your justification.

(The material referred to follows:)

## HOUSING AND HOME FINANCE AGENCY, OFFICE OF THE ADMINISTRATOR

## URBAN TRANSPORTATION ACTIVITIES

## JUSTIFICATION OF SUPPLEMENTAL APPROPRIATIONS, FISCAL YEAR 1965

(Except from H. Doc. No. 338, 88th Cong., 2d sess.)

## "URBAN MASS TRANSPORTATION GRANTS

*"For grants as authorized by the Urban Mass Transportation Act of 1964 (78 Stat. 302), to remain available until expended, \$75,000,000 for the fiscal year 1965, \$150,000,000 for the fiscal year 1966.*

## "URBAN MASS TRANSPORTATION LOANS

*"For loans as authorized by section 3 of the Urban Mass Transportation Act of 1964 (78 Stat. 302), \$5,000,000.*

## "ADMINISTRATIVE EXPENSES, URBAN TRANSPORTATION ACTIVITIES

*"For necessary expenses to carry out the provisions of the Urban Mass Transportation Act of 1964 (78 Stat. 302), \$375,000."*

These amounts are proposed to carry out the programs authorized by the new Urban Mass Transportation Act of 1964 (Public Law 88-365) approved July 9, 1964. The grants will assist communities in providing or improving urban transportation facilities by paying up to two-thirds of the portion of the capital cost of projects which cannot be recovered from revenues. In accordance with the terms of the act, \$75 million is to be appropriated for grants in fiscal year 1965 and \$150 million in fiscal year 1966. Loans are authorized for urban transportation projects which do not require grants but which cannot obtain private financing on reasonable terms.

## SUMMARY OF BUDGET REQUEST

The supplemental budget request for activities in fiscal year 1965 under the Urban Mass Transportation Act of 1964 includes:

(1) An appropriation of \$225 million for urban transportation facility grants under section 4b which authorizes \$375 million to be appropriated at any time following enactment of the act. Obligations cannot be made against \$150 million of the \$225 million appropriation until July 1, 1965. The agency requests \$225 million because of the long leadtimes of many of the projects, and so that applicants will have assurance funds will be available when the application is completed.

(2) An appropriation of \$5 million for urban transportation facility loans. The act authorizes the use of \$50 million of the existing borrowing authorization under section 203 of the Housing Amendments of 1955 as amended by the Housing Act of 1961 for the purpose of making transportation facility loans. However, this is an extension of a program which hitherto has been funded by the Congress through appropriations (Supplemental Appropriation Act of 1962; Independent Offices Appropriation Act, 1963). Accordingly, an appropriation is again requested to carry out the loan program authorized by the new act.

(3) An appropriation of \$375,000 for administrative expenses (exclusive of proposed pay act costs) of the first year's operation under the act. This estimate does not include requirements for the operation of the mass transportation demonstrations program authorized under the Housing Act of 1961.

## SUMMARY OF THE URBAN MASS TRANSPORTATION ACT OF 1964

*Major features*

The major features of the Urban Mass Transportation Act of 1964 include—

- (1) An authorization of \$375 million in Federal grants to assist in the purchase, construction, and modernization of urban transportation facilities. The authorization is for appropriation at any time after enactment of the act of \$75 million for fiscal year 1965, \$150 million for fiscal year 1966, and \$150 million for fiscal year 1967;
- (2) A demonstration program financed by \$10 million each year out of the \$375 million grant authorization; and
- (3) An extension of the \$50 million urban transportation facility loan authorization for projects which can be entirely financed from revenues but for which private financing is not available on reasonable terms.

*Basic requirements for financial assistance*

Before Federal assistance may be provided under the act, the Administrator must determine that—

- (1) The applicant is a public body which may be a State, a local public body or agency, or an agency established by the action of two or more States.
- (2) The applicant has the legal, financial, and technical capacity to carry out the proposed project, and is in a position to provide satisfactory continuing control over the use of the facilities and equipment for the purposes for which assistance is provided.
- (3) Facilities for which assistance is sought are needed for carrying out a program, meeting criteria established by the Administrator for a unified or officially coordinated urban transportation system as part of the comprehensively planned development of the urban area. The program must provide for the maximum feasible participation of private urban transportation companies.
- (4) There will be an adequate relocation program through which persons and families displaced by the project can be relocated in decent, safe, and sanitary dwellings.
- (5) All contracts contain the usual provisions relating to the Davis-Bacon Act and other labor standards, and that labor standards set forth in the contract, under criteria specified in the act, are determined by the Secretary of Labor to be fair and equitable safeguards of the interests of employees affected by the project.
- (6) All contracts for construction, reconstruction, or improvement of facilities under the act provide that the contractors shall use articles manufactured in the United States.

*Facilities eligible for assistance*

Facilities eligible for assistance include land, buses and other rolling stock, and other needed real or personal property. Federal funds may be used for the acquisition, construction, reconstruction, and improvement of facilities, but cannot be used for operating costs or for the payment of ordinary governmental expenses.

*Participation of private transportation companies*

As noted previously, the Administrator must determine, before any Federal assistance may be provided, that the local transportation program for the urban area provides for the maximum feasible participation of private transportation companies. The act permits the applicant, which must be a public body, to provide for the operation of the transportation facilities by such private companies through lease or other arrangements.

This program is not intended to foster publicly owned transportation systems as opposed to privately owned. Decisions in this area will be made by the local community. However, the public body receiving assistance under the act is responsible for the use of facilities and equipment to protect the public interest, and must assure that the project continues to make a maximum contribution to the transportation program for the urban area.

*Grant formula*

A Federal grant under the act may be made available for up to two-thirds of "net project cost"—that portion of total project cost which cannot reasonably be financed from revenues. A determination of net project cost involves an analysis of how much of the total project cost can be financed from revenues such as fare collections. Should actual net revenues turn out to be higher than anticipated, the act provides that any repayment of the community's one-third share of net



project cost must be accompanied by proportional repayment of the Federal grant.

The applicant must provide one-third of the net project cost in cash, from sources other than Federal funds or anticipated revenues. The applicant's share may be obtained, for example, through the issuance of general obligation bonds based on the taxing powers of the local government, the transit authority, or other local public body, or through a grant program financed and administered by the State government. This requirement is a guarantee of firm local determination of the need for the project and of a continuing local concern for the efficient and economical operation of the transportation system.

#### *Emergency grant program*

Emergency grants of one-half of net project cost may be provided through fiscal year 1967 where :

(1) The unified and coordinated urban transportation program is under active preparation although not yet completed ;

(2) The facilities and equipment for which the assistance is sought can reasonably be expected to be required for such a program ; and

(3) There is an urgent need for their preservation or provision.

To encourage compliance with the provisions of the act, the applicant will qualify for the full two-thirds grant if the urban transportation program is completed within 3 years after the execution of the grant agreement.

#### *Labor standards*

The Secretary of Labor must determine that all contracts contain fair and equitable arrangements to protect the interests of employees affected by any Federal financial assistance under the act. Such protective arrangements shall include such provisions as are necessary for :

(1) The preservation of rights, privileges, and benefits (including pension rights) under existing collective bargaining agreements or otherwise ;

(2) The continuation of collective bargaining rights ;

(3) The protection of individual employees against a worsening of their positions with respect to their employment ;

(4) Assurances of employment to employees of acquired transportation systems and priority of reemployment of employees terminated or laid off ; and

(5) Paid training or retraining programs.

#### *Coordination with other agencies*

The act requires coordination of urban transportation planning and highway planning in urban areas by the Administrator and the Secretary of Commerce. In addition, the Administrator is required to take into consideration whether facilities financed under the act are designed and equipped to prevent and control air pollution in accordance with criteria established by the Secretary of Health, Education, and Welfare.

#### *State limitation*

No more than 12½ percent of the total grant funds authorized (\$375 million) under the act may be expended in any one State.

### PROGRAM JUSTIFICATION

Senator ALLOTT. Next, Mr. Reporter, place in the record section B which summarizes the proposed budget program for grants, demonstrations, and loans.

(The material referred to follows:)

HOUSING AND HOME FINANCE AGENCY—OFFICE OF THE ADMINISTRATOR

<i>Program highlights</i>		<i>Estimate, 1965</i>
Facility grant program :		
Preliminary applications-----		100
Preliminary applications (amount)-----	\$400,000,000	
Commitments made-----		20
Commitments made (amount)-----	\$65,000,000	
Third-party agreements-----		45
Demonstration programs :		
Proposals received-----		50
Commitments made-----		20
Commitments made (amount)-----	\$10,000,000	
Project starts-----		15
Facility loan program :		
Preliminary applications-----		10
Preliminary applications (amount)-----	\$20,000,000	
Commitments made-----		5
Commitments made (amount)-----	\$5,000,000	
Third-party agreements-----		5

TRANSPORTATION FACILITY GRANT PROGRAM

The Administrator is authorized to make grants to public bodies to assist in the financing of urban transportation facilities and equipment. The Federal grants may be made for up to two-thirds of the net project cost. Section 4 authorizes for appropriation at any time after enactment of the act \$375 million; \$75 million for fiscal year 1965 and \$150 million additional in each of fiscal years 1966 and 1967.

*Budget program*

As of June 30, 1964, over 40 urban areas have completed or are undertaking metropolitan or regional planning financed in part through the Agency's urban planning assistance program, and 45 are undertaking or have completed urban transportation plans under this program or under a jointly financed Housing and Home Finance Agency-Bureau of Public Roads planning program.

The budget program projected for fiscal year 1965 is 20 project approvals for \$65 million. About one-third of the estimated 100 application receipts in 1965 are expected to be from applicants which are in a position to meet the complete planning requirements of the act. It is estimated that 6 to 10 major urban areas and 40 to 50 other communities will have completed the required planning. While the requirements of the act may initially restrict the number of cities able to qualify under the regular grant program, they will also strongly encourage unified transportation planning for urban areas which is one of the major benefits to be obtained under this program.

It is anticipated that the bulk of the project approved during 1965 will be for rolling stock and other equipment. This is based on the fact that equipment projects require less time for detailed development, and also, under the emergency program, are more likely to be clearly appropriate to any general plan than a specialized construction project.

While applications are expected for a large variety of projects, general examples can be given of those most likely to be received from various size cities: Small cities (below 250,000). Buses, terminal building, passenger shelters, equipment improvements such as air conditioning.

Medium cities (250,000 to 1 million). Same as above plus park-and-ride facilities, separated bus lanes.

Large cities (over 1 million). Same as above plus rail improvement, including commuter service, rapid transit system extensions.

*Program justification*

Since some applications for major large-scale projects are expected in 1965, the Agency will adopt a policy for relating such project to the available funds. The act provides that not more than 12½ percent of the \$375 million authorized shall be expended in any one State. In addition, the Agency will encourage applicants proposing large-scale projects to plan them in such a way that they can be developed in self-sufficient stages. Each stage by itself must make a significant improvement in the community's transportation system, and must be so developed that the Agency will not be obligated in advance to provide additional financial assistance for any subsequent stages in the proposed transportation program.

## DEMONSTRATION PROGRAMS

The Urban Mass Transportation Act of 1964 provides for a program of development and demonstration projects designed to assist in the reduction of urban transportation needs, the improvement of mass transportation service, and the contribution of such service toward meeting total urban transportation needs at minimum cost. The Administrator is authorized to conduct such projects independently, or to contract for demonstration projects.

The act further provides that \$10 million of the grant authorization shall be available in each year (1965-67) for financing projects under this program. In addition, the unobligated balance of the amount provided for demonstration projects under the Housing Act of 1961 is available solely for financing projects under the new program. While the unobligated balance is \$692,000 at the end of fiscal year 1964, the Agency will not use any of this remaining authorization for future demonstration projects.

*Budget program*

There is a continued need for demonstration projects in the area of urban transportation. In fiscal year 1963, the Agency committed \$19.7 million and the fiscal year 1964 program level would have been considerably greater except that less than \$5 million in authorization was available for commitment. The Agency now has six applications for \$2.4 million which may result in approvable demonstration projects.

In addition to the demonstration projects, the Agency will assist industry groups and research organizations in the development of a coordinated program of studies in the field of urban transportation. In some instances the studies will be carried out through grants under the act.

The budget program assumes \$10 million will be committed in fiscal year 1965 for 20 projects in the following general areas:

Application and testing of improved transportation technology in such areas as improved power distribution systems, automatic guidance, computer-operated traffic controls, automated fare collection devices, improved signaling techniques, and new types of transit structures and vehicles.

Demonstrating the use of urban transportation centers as focal points for local buslines in combination with park-and-ride facilities along a major rail commuter line to encourage transportation coordination and achieve the most efficient use of transit facilities.

Introduction of major improvements to commuter railroad, rapid transit, and local bus operations, alone or in combination, in order to demonstrate and evaluate benefits to urban areas served and to provide planning guidelines for local public officials.

Evaluation of the feasibility of developing a use charge system for urban transportation operations which will cover the minimum costs of making available the service whether used or not. In all other public utilities (water, gas, electricity), the use charge determined by meter is supplemented by a monthly minimum charge independent of the amount of use.

Analysis of the factors influencing the choice of various means of urban transportation to determine which has the greater impact on the level of ridership \* \* \* the fare charged or the quality of service. An answer to this problem will



profoundly affect the quality of planning and investment decisions in urban transportation.

#### TRANSPORTATION FACILITY LOAN PROGRAM

The loan program as authorized in the Housing Act of 1961 expired on June 30, 1963. The Urban Mass Transportation Act of 1964 reactivates the loan program without any termination date. These loans are designed to assist transit operations which are able to finance needed improvements and extensions of their transportation facilities out of revenues, but which cannot borrow the necessary funds on reasonable terms.

Each loan must be of such sound value or so secured as reasonably to assure repayment, and amortization may be over a period up to 40 years. The interest rate is established under a formula based on the cost of Treasury borrowing, which will produce a rate of 4 percent for fiscal year 1965.

The act provides for an emergency loan program, comparable to the emergency grant program, under which loans may be made for facilities and equipment when there is an urgent need for their preservation or provision, provided that the area's transportation program is under active preparation and the facilities and equipment can reasonably be expected to be required for the eventual system.

The act further provides that the unobligated balance of the \$50 million borrowing authorization provided under the Housing Act of 1961 shall be available solely for financing urban transportation loans. Congress in fiscal years 1962 and 1963 specified that none of the funds appropriated for the loan program would be available for administrative expenses of making loans to be financed from the borrowing authorization. The loan commitments, of which only one is now outstanding, were made against annual definite appropriations which expired for purposes of obligation at the close of the respective fiscal years.

It is not the intention of the Agency to utilize the Treasury borrowing authorization available for loans under the act. In view of the past appropriation actions by Congress, it is clear that Congress would prefer to provide direct appropriations against which loans may be obligated. Accordingly, an appropriation of \$5 million for loans is proposed in this budget.

#### *Budget program*

The budget program assumes that five loans for \$5 million will be approved in fiscal year 1965. It is likely that most of these loans will be made under the emergency program.

It is anticipated that the loans will be primarily for bus equipment, since—

(1) Planning and development for additional bus runs, or replacement of existing buses, requires much less time than development of plans for major facilities such as subways.

(2) It is often feasible to finance the purchase of rolling stock out of revenues; it is much less likely that major capital improvements can be so financed in their entirety, which would be required by the provision of the act prohibiting a loan to any project for which a grant is made.

#### ADMINISTRATIVE EXPENSE JUSTIFICATION

Senator ALLOTT. Now, to make the record complete, place in the transcript at this point section C of the justification dealing with administrative expense requirements.

(The material referred to follows:)

HOUSING AND HOME FINANCE AGENCY OFFICE OF THE ADMINISTRATOR

*Program workload, fiscal year 1965*

<i>Workload indicators</i>	<i>Estimate, 1965</i>
Preliminary applications or proposals received-----	160
Facility grants-----	100
Demonstration programs-----	50
Facility loans-----	10
	<hr/>
Preliminary applications or proposals withdrawn or rejected-----	42
Facility grants-----	30
Demonstration programs-----	10
Facility loans-----	2
	<hr/>
Preliminary applications or proposals approved for full application-----	60
Facility grants-----	25
Demonstration programs-----	30
Facility loans-----	5
	<hr/>
Project commitments-----	45
Facility grants-----	20
Demonstration programs-----	20
Facility loans-----	5
	<hr/>
Third party agreements completed-----	80
Facility grants-----	45
Demonstration programs-----	30
Facility loans-----	5
	<hr/>
Project starts-----	30
Facility grants-----	10
Demonstration programs-----	15
Facility loans-----	5

ADMINISTRATIVE EXPENSE SUMMARY

The fiscal year 1965 supplemental request is for an appropriation of \$375,000 (exclusive of proposed pay act costs) to provide for the first year operation of activities under the Urban Mass Transportation Act of 1964, and provides for a June 30, 1965, employment of 45.

PROGRAM ADMINISTRATION

The programs authorized by the Urban Mass Transportation Act of 1964 will be administered by the Office of Transportation in the Office of the Administrator. Certain centralized staff assistance and service functions, however, will be provided by other units of the Office of the Administrator.

The budget assumes that during fiscal year 1965 the urban transportation programs will be operated on a centralized basis. During this initial year under the new act, program operations and policy decisions will be closely intertwined, detailed procedures and guidelines will be developed, and program trends must necessarily be reviewed on a continuing basis; all of which require a centralized, closely coordinated operation.

The Office of Transportation will require a staff with a variety of specialized skills to carry out the highly technical programs authorized by the act. Activities involved in the processing of applications and the development of approved projects are described below:

*Project development activities*

Applications under the capital grant and loan programs will be reviewed to determine, as required by the act, that—

(1) Projections of revenues and expenses are adequately supported and are reasonable and that the proposed method of financing is practicable. Under the grant program, this analysis will be especially complex, since the Agency must determine—

(a) What portion of project cost cannot be financed from revenues, as a basis for determining the amount of the grant,

(b) The reasonableness of the proposed financing arrangements for that portion of the project cost which can be financed from revenues, and

(c) The agency of the assurances given that local grant funds will be available when needed to match the Federal grant.

(2) The facilities and equipment for which assistance is sought are needed for carrying out a program, meeting criteria to be established by the Administrator, for a unified or officially coordinated urban transportation system as part of the comprehensively planned development of the urban area.

(3) Such facilities and equipment are necessary for the sound, economic, and desirable development of the urban area.

(4) The program referred to above encourages to the maximum extent feasible the participation of private enterprise and that the other requirements of the act relating to private enterprise have been met.

(5) The applicant has the technical capacity to carry out the project and has provided for satisfactory control, through operation, lease, or otherwise, over the use of the facilities and equipment for the purposes for which assistance is to be provided.

(6) Other statutory provisions with respect to the use of program funds have been fully met by the applicant.

Applications under the demonstration grant program will be reviewed to determine that the proposed project is one which will assist in carrying out urban transportation plans and is so designed as to make a maximum contribution to that objective.

In each of the programs this phase of project review frequently will require extensive negotiations with the applicant in order to develop fully the data necessary to determine whether or not the project is eligible for assistance and is soundly conceived and to ascertain, in the case of a capital grant, what portion of project costs (net project costs) cannot be reasonably financed from revenues.

*Engineering activities*

Engineering review will ascertain that (1) there are no obvious design problems that will result in excessive costs, (2) estimates of construction and equipment costs are reasonable, (3) operation and maintenance costs used in the financial analysis of the project are acceptable, and (4) construction or manufacturing schedules are realistic.

Subsequent to project approval, the engineering staff will approve final plans and specifications and make necessary on-site inspections to insure that the facilities and equipment are made available in accordance with the terms of the contract and the approved plans and specifications.

The engineering staff will also review and evaluate the engineering aspects of proposed demonstration and development projects which involve new or unusual applications of engineering methods and principles and assist in the administration of the engineering aspects of such projects.



*Legal activities*

Applications under all transportation programs will require a review for legal sufficiency and for legal eligibility of the project and the applicant. Facility loan and grant applications will also require review of the legality of proposed methods of financing.

After application approval the legal staff will prepare grant contracts, trust indentures, and related documents; supervise the preparation of equipment trust instruments; and determine that all legal actions prerequisite to grant payments, loan payments, and other Government actions have been completed.

*Planning activities*

Applications for capital grants and loans will be reviewed to assure that the proposed project is consistent with locally-developed transportation plans.

Proposals for demonstration and development projects will be reviewed for their value in testing and carrying out comprehensive transportation planning and for their contribution to existing methods and techniques of transportation planning.

*Relationships with other governmental agencies*

The Administrator is responsible, under the 1964 act, in the interests of coordination between the programs of Federal assistance for highways and urban transportation facilities, for consulting and exchange information on urban transportation policies and programs with the Department of Commerce.

In addition, the staff must take into consideration whether the facilities and equipment to be acquired, constructed, or improved will be designed and equipped to prevent and control air pollution in accordance with criteria established for such a purpose by the Secretary of Health, Education, and Welfare. Congress has thus recognized in this legislation that the motorized vehicle is one of the contributors toward air pollution, and that it is vital to consider controls on such pollution when providing Federal aid to preserve and expand urban transportation facilities.

Close relations will be maintained with the Department of Labor in order to protect the interests of employees affected by urban transportation assistance under the act. In addition to the usual provisions relating to the Davis-Bacon Act and other labor standards, the Urban Mass Transportation Act of 1964 provides detailed safeguards of the interests of employees who may be affected by the loan and grant programs and requires that provisions setting forth these arrangements, which must be determined by the Secretary of Labor to be fair and equitable, be included in contracts for the granting of Federal assistance.

*Demonstration programs activities*

Agency staff will analyze the results of demonstration projects financed under this and the 1961 act and prepare recommendations for applying these results to the operating loan and grant programs. The demonstration programs staff will be responsible for reviewing current data available on the technological and operating aspects of urban transit to determine those areas where additional study would be most productive and useful. Industry groups, research organizations, and universities will be assisted in the development of a coordinated program of studies in the field of urban transportation. When agency grant funds are utilized in such studies, the staff will review and evaluate the final conclusions.

*Inventory of existing public transportation systems*

Data concerning urban mass transportation in the United States are fragmentary. The industry organizations generally collect information only from their own members, and no industry group covers the entire range of types of public carrier. The lack of adequate industry data is particularly acute in the case of the smaller bus systems which serve many of our urban areas.

There is need, both in the administration of the Federal programs authorized by the new legislation and within the transit and associated industries, for more complete and reliable information than now exists.

It is proposed to contract for an inventory of existing public transportation systems and an identification of the capital needs of the industry if existing facilities and equipment are to be brought in line with planned requirements for mass transportation service. The cost of the inventory is estimated to be \$35,000.

Data to be assembled would include identification of urban areas where public transportation is available; type of service rendered; ownership (and in publicly owned systems, type of management arrangement); nature and age of facilities and equipment; nature of any existing local public financial assistance, such as tax relief, operating payment, or help in providing capital; capital requirements; financial problems; and related information.

*Organization and staffing*

The Office of Transportation includes the Office of the Assistant Administrator (Transportation); two operating divisions—the Division of Financial Assistance Programs and the Division of Demonstration Programs—the technical division responsible for activities relating to transportation engineering and technical standards; and a Division of Administrative Management. Legal services will be provided by the Chief Counsel.

Supporting services such as audit, fiscal accounting and reporting, budget, personnel, and general services including space, equipment, mail and files, and communications, will be provided by units of the Office of the Administrator.

The summary on the following page shows the 45 yearend employment funded by this supplemental for urban transportation activities under the Urban Mass Transportation Act of 1964. The table on page C-8 shows the entire employment of the Office of Transportation some of which is supported by the regular appropriation request now pending before Congress.

*Urban transportation activities distribution of estimated obligations by object, estimate fiscal year 1965*

June 30 employment	45
Obligations: personal services	\$251,400
Other objects:	
21 Travel and transportation of persons	18,000
22 Transportation of things	4,000
23 Rent, communications, and utilities:	
First year rental costs	21,300
Other	8,500
24 Printing and reproduction	5,000
25 Other services:	
Transportation systems inventory	35,000
Other	7,800
26 Supplies and materials	3,400
31 Equipment:	
First year equipment costs	18,700
Other	1,900
Total obligations	375,000

Housing and Home Finance Agency  
Office of Transportation—Proposed Organization and Staff  
Total Staff—55

<p style="text-align: center;"><b>Office of Assistant Administrator (Transportation)</b></p>			
<p>1 GS-18 Assistant Administrator(*) 1 GS-17 Deputy Assistant Administrator(*) 1 GS-15 Special Assistant 1 GS-14 Interagency Liaison Officer 4 GS-9-5 Various (#2)</p>	(8)		
<p style="text-align: center;"><b>Reports and Control Staff</b></p>		<p style="text-align: center;"><b>Chief Counsel</b></p>	
<p>1 GS-14 Program Reporting Off. (*) 1 GS-12 Program Reports Assistant 5 GS-9-2 Various (#1)</p>	(7)	<p>1 GS-16 Chief Counsel 1 GS-14 Attorney (*) 1 GS-11 Attorney 4 GS-9-3 Various</p>	(7)
<p style="text-align: center;"><b>Division of Transportation Engineering and Technical Standards</b></p>		<p style="text-align: center;"><b>Division of Administrative Management</b></p>	
<p>1 GS-16 Division Director 1 GS-15 Deputy Division Director(*) 1 GS-15 Transportation Spec. (*) 1 GS-14 Engineer 1 GS-13 Transportation Specialist 1 GS-13 Engineer (#1) 5 GS-9-4 Various</p>	(11)	<p>1 GS-13 Administrative Officer 1 GS-12 Management Analyst 3 GS-7-4 Various</p>	(5)
<p style="text-align: center;"><b>Division of Demonstration Programs</b></p>		<p style="text-align: center;"><b>Division of Financial Assistance Programs</b></p>	
<p>1 GS-16 Division Director 2 GS-13 Demonstration Program Assistants 1 GS-12 Statistician 4 GS-9-3 Various</p>	(8)	<p>1 GS-16 Division Director 1 GS-14 Financial Officer 1 GS-13 Transportation Economist(*) 2 GS-12 Financial Program Assistants 4 GS-7-3 Various</p>	(9)

(\*) Denotes incumbent reflected in fiscal year 1965 Budget request.



Senator ALLOTT. Now, Mr. Weaver, with respect to this, and I suppose you are completely aware that the Senator from Colorado was not in sympathy with this basic legislation, but that is not the question that is before us. I would like to ask you, first of all, what specifically do you think you can accomplish with this money towards the solution of mass transportation?

I don't think that anything has been done yet.

#### VALUE OF DEMONSTRATION PROGRAMS

Mr. WEAVER. We have had over the past 2 or 3 years a program of demonstration grants which has been our primary activity in this field to date. These demonstration grants have I think given us certain information which is extremely valuable. For example, we have one which is now being completed and is being written up and will soon be published. In it, we tried various types of mixes: improving the schedules, improving the facilities, dropping the fare, coordinating busses and the railroad and the rapid transit system. Out of that two things emerged:

First, that the most important feature for improving ridership is not what many of us had thought, which was reducing the fares, but improving the service. This was much more effective than what we did with the fares.

Secondly, out of this finding the State of Massachusetts has now set up a program for mass transportation where State funds are appropriated for this, much of their new program has been dependent upon and is relying upon the findings of this demonstration project.

Here we have an example of how by trying out certain hypotheses, which the experts in this field think will work, we are able to come to some conclusion on what does work. As to the question which you ask, as to what the impact of this bill will be on this whole problem, I think the impact can briefly be put into two categories.

#### IMPACT OF NEW PROGRAMS

In the first place, this will permit many communities, which are now in difficulty with their mass transit systems, where you have a vicious circle as you know: the revenue falls, and then the equipment gets worse, the schedules get more sparse, and this in turn causes a drop off of customers, and this causes revenue to fall still more, and then the service gets worse. This is the cycle, a downward cycle. It will be possible for them to experiment and, I think experience to today proves this is true, to reverse the cycle: to increase ridership, increase revenues, to get better schedules, so that they can get better ridership.

I was interested in seeing in the Wall Street Journal yesterday that for the first time last year the declining curve in the number of customers in mass transit had been terminated, and we had a half million increase last year. So it seems that the demand is there. If we are able to provide better facilities we can save many systems that are now in difficulty, we can make other systems more effective, we can get more people using rapid transit and, therefore, permit those who use the highway to get more enjoyment out of that.

Senator ALLOTT. I think we ought to make it clear that this is essentially a subsidy program; is it not?

Mr. WEAVER. It is a program of grants; yes.

Senator ALLOTT. Grants and loans of various combinations?

Mr. WEAVER. Yes. It is restricted, however, to the physical equipment. It does not go into the operating budget.

#### PHILADELPHIA DEMONSTRATION PROJECT

Senator ALLOTT. As I recall you testified earlier this year, Mr. Weaver, that in the case of Philadelphia—if my memory is incorrect please correct me—you put in \$4 million there and that if I am correct in my recollection this went to the leasing of new cars which were financed under a lease-purchase arrangement. This is typical of the kind of program that has gone on under this so far; is it not?

Mr. WEAVER. Well, it is not typical but it is one evidence of the type of thing—certainly it is typical insofar as the type of equipment is concerned.

Now, the leasing would not necessarily be difficult.

Mr. KOHL. There was some leasing, but this was essentially a demonstration program of a temporary nature. It was not in the order of grants or capital assistance.

Senator ALLOTT. What did you demonstrate there that somebody did not know before?

Mr. WEAVER. This was a demonstration of a technological nature, primarily, of using the type of equipment which had not been used before, a lighter type of car, a different type of truck system, a self-propelled vehicle.

For example, a small, lightweight, rubber-tired, selfpropelled vehicle which operated singly or trains over an exclusive right-of-way. This is a reversal of all the technology in this field which has been large vehicles which did not give you the capacity for changing with the schedule with the need. These were tried out to see if they worked.

#### DISTRICT OF COLUMBIA DEMONSTRATION PROJECT

Senator ALLOTT. Is there anything going on in the District of Columbia in this respect? Whatever happened to our mass carrier transit system? That is one of the first things I devoted myself to as a member of the District of Columbia Committee when I came here 10 years ago.

Mr. WEAVER. The District mass transit comes under a special bill which would not be affected by this legislation.

We do have a demonstration project here, which is the Minibus—the 5-cent ride downtown. It is a great success. We had our millionth passenger 3 months before we expected to. There is no question that it will be continued.

#### EMPLOYMENT

Senator ALLOTT. How many people do you have on Board?

Mr. WEAVER. We now have budgetary provisions for eight people.

Senator ALLOTT. You are asking for 47?

Mr. WEAVER. Forty-five additional.

Senator ALLOTT. For next year.

## JUSTIFICATION FOR ADVANCE APPROPRIATION FOR FISCAL 1966

On page 5 of your statement you talk about making an appropriation for the year 1966. I am sure that you have attempted to justify it here. But I am sure that this will be a matter of grave consideration by the committee, appropriating a year in advance for your program. I can understand that some planning needs to be done, but I was wondering if there is anything else you would like to add because I am sure that this will be questioned.

Mr. WEAVER. As you know, this is a program which requires two types of things:

First, there are the planning requirements. There must be a system of mass transit for the area, the complete area that is to be involved, in which whatever we do would be a part. And that system planning for mass transit must be coordinated with an overall comprehensive plan for the entire area.

As you know, the bill makes two types of grants, a permanent grant, a long-run grant, which is two-thirds Federal and one-third local, if these planning requirements were met; and an emergency type which is 50 percent, holding up one-sixth of it from the Federal side if the planning requirements are met within 3 years. These planning requirements take time. This is not something you can do overnight. It is not something you can do with a year's time. It takes longer than that. So that if a city is going to come in even under the emergency program, it must have gotten some of its planning underway.

Secondly, and this is even more important, with finances being as they are in local governments—usually since they have to come up with this one-third primarily in cash—they have to take some action to raise their share, they have to have a bond issue or they have to do something else, which requires time.

Now, when they go to all of these difficult problems—first in order to get it through politically and, second, to justify this to themselves—they have to have some assurance that when they meet these conditions that there probably will be some money there which will permit them to go into the program, otherwise they have wasted their time.

They can't do it in the short period of time and they won't do it over the longer period unless they have reason to believe that the funds will be forthcoming.

## AVAILABILITY OF APPROPRIATIONS BY FISCAL YEARS

Senator ALLOTT. If this committee should act favorably on your request that we appropriate for 1966, what assurance could you give us that you would not be again asking for a supplemental prior to July 1, 1965?

Mr. WEAVER. We have no intention of doing that, sir. I don't like to say "never," but I would say that the chances are 99 to 100 that this would not happen. I cannot conceive it happening. I don't think the law would permit it, anyway.

Mr. EISEMAN. The authorization in section 4(b) is very specific.

Senator ALLOTT. This is the limit of it?



Mr. EISEMAN. Yes. It says:

To finance grants under this Act there is hereby authorized to be appropriated at any time after its enactment not to exceed \$75 million for 1965, \$150 million for fiscal 1966 and \$150 million for fiscal 1967.

#### LIMITATIONS OF MONORAIL SYSTEMS

Senator ALLOTT. I would like to ask you a question, Mr. Kohl. What are the limitations of that system of transportation known as the monorail; I don't mean necessarily confined to a monorail, but of overhead transportation, to relieve the congestion on the streets?

Those of us who drive to work every morning and battle with first of all, the black Cadillac and the chauffeurs, and second of all, with the buses, and third the trucks, I think would be interested in knowing just why there has never been any development along this line within the United States.

Mr. KOHL. I think, sir, the answer is one—

Senator ALLOTT. At least of any significance.

Mr. KOHL. There is a complex number of influences. First of all, it is a general public fear of darkening the street with an elevated structure. All that they have experience with is the old Third Avenue-type elevated in New York and the Loop elevated in Chicago. The cost of building the demonstration system—to show what can be done with modern technology, modern architectural design, modern equipment that much reduces the nuisance value, sound, and so on—has deterred any actual example that the public could experience and convince themselves that this is an asset rather than a disadvantage in the urban community.

I think through the demonstration program we do have some projects that are moving toward proving, developing an actual experience in which the disadvantage can be disproved, so to speak, and that the elevated structure can be an acceptable solution.

That is one of the major hopes that we have with some of the demonstration programs; that we can move in that direction to overcome this latent fear of elevated structures.

We have one project now underway in the Pittsburgh area in which attention to the esthetics of the structure and its impact on the environment will be such that we hope it will convince people that it can be a workable solution.

#### SEATTLE WORLD'S FAIR MONORAIL

Mr. WEAVER. Mr. Chairman, may I also add that we have also completed a demonstration project, the second one to be completed, a very economical one at the University of Washington, where we took advantage of the monorail which ran out to the fair.

We had them make an analysis of it and all of these fears that Mr. Kohl has been telling you about have been documented. These are the reactions of the people who lived along the way.

For example, the store owners on the ground floor objected because they said it put their places in too much shadow and shade. The people in the apartments above said it interfered with their privacy. The people going down the streets said it was dangerous because of the supports, it did not look good. So we have a pretty good documentation of what those problems are.

Also we are having some applications coming in for a use of the monorail which seems to be fairly feasible. This is, say, from a downtown area out to an airport, something like this. We would have a long run without too many stops in between because every time you stop you have to build a station and this gets to be kind of expensive.

#### PITTSBURGH MONORAIL EXPERIMENT

Senator ALLOTT. What stage of development is the one in Pittsburgh?

Mr. KOHL. Construction is underway at the present time.

Senator ALLOTT. Where will it run to and from?

Mr. KOHL. It is approximately a 1-mile test section to be built on public lands to economize on the project. Part of it will be along a built-up area in the south part of Pittsburgh adjacent to the administration building, so that the relationship between the structure and buildings can be observed and witnessed. There will be very close review of the reaction of the people to the structures: At eye level is there any apparent disadvantage from this?

#### APPLICATIONS AND INQUIRIES

Senator ELLENDER. You spoke of applications. What is the amount in dollars that you have already received?

Mr. WEAVER. An estimate of the facilities which would be provided, of which we would pay under the present approximately one-half, would run around \$300 million. These are just letters of inquiry coming in. We don't have applications yet because we don't have any money.

Senator ELLENDER. I don't recall the length of time that this law is to operate. Is it 3 years?

Mr. WEAVER. Yes.

Will most of the envisaged expenditures, that is, the \$75, \$100, and \$150 million aggregating \$325 million be by way of grants?

Mr. WEAVER. Yes, sir. All of that will be grants.

Senator ELLENDER. Under what conditions are these grants made?

Mr. WEAVER. Two conditions. There are two types of grants.

#### TYPES OF GRANTS

First, the small one and the simple one is the demonstration grants which are similar to those which we now have. The bill provides that there can be \$10 billion in each of these fiscal years for that purpose. The rest of these are grants made for certain types of equipment, not for subsidizing or helping on the operational budget for equipment, to cover that part of the equipment cost which cannot be covered out of operating expenses. We would under these grants if the planning requirements are met provide two-thirds of the cost of this.

If the planning requirements are not yet met but are in process, one-half, we hold up one-sixth until they meet this within 3 years time.

Senator ELLENDER. Before making grants to a community, you will presumably study their capability of doing it by themselves.

Mr. WEAVER. Yes, sir. This becomes a very complicated process and one which unfortunately I am afraid our experience today indicates will be very difficult. You may have certain certain types of technology that can have application from hither to yon. But what the requirement will be will vary from one system to another. You have to look at the engineering of it, the financing of it, you have to look at the capacity to continue the operation of it.

#### IMPACT OF PROGRAM

Senator ELLENDER. I fear this is just a little drop in the bucket as to what it is going to cost if we proceed to remedy the situation.

Mr. WEAVER. I think two things can occur here. I think that as we are able to improve some of these systems we are going to find out, we are getting some hints on this now, what the basic problems are here and how the systems are going to be able to help themselves. I don't think the Federal Government is going to be called on, I don't think we will have the resources granted, to supply all of the needs.

Senator ELLENDER. I am sure of that.

Mr. WEAVER. As time goes on the needs will become less as the technology improves and as the management improves.

Senator ELLENDER. I want to say first I voted against this because my fear was that once you get the Government started in a program of this kind there will be no end to it. Many communities will be prone to drag their feet and let Uncle Same do it. I am very hopeful, Doctor, that you folks will bear that in mind in any programs in which you make contributions of any kind, and see to it that the communities do all they can before we come in.

Mr. WEAVER. We will certainly do that if for no other reason than we have a limited amount of money and if we don't do it, it won't have much of an impact.

Senator ELLENDER. Thank you.

#### POTENTIAL NUMBER OF PARTICIPATING COMMUNITIES

Senator ALLOTT. How many communities do you anticipate will come in under this program?

Mr. WEAVER. Do you mean will apply or will participate?

Senator ALLOTT. Will end up participating.

Mr. WEAVER. I don't think I can give you an estimate at this time.

Senator ALLOTT. Would it be as few as 5 or would it be as many as 50?

Mr. WEAVER. If you note in our presentation on page C-1, we expect in the first year there will be, I think it is 30 grants—160 preliminaries. Project commitments—

Senator ALLOTT. What page are you on?

Mr. WEAVER. C-1. In 1965 we estimate 160 applications coming in. We expect that there will be facilities grants commitments of 20 during that year, 20 demonstration program grants and 5 loan commitments. That will be a total of at least over 25, though some of these might be—there might be a demonstration grant and the facility



grant to the same city but there couldn't be a facility grant and a facility loan for the same project to the same city. So there would have to be at least 45 communities.

Senator ALLOTT. I have one further question.

#### AUTHORIZATIONS VERSUS APPROPRIATIONS

We have provided in the bill specific authorization and there are many, many other programs in the Federal Government which are similar to this. Doesn't the authorization in the bill give the people who intend to participate in this as much authorization and as much confidence as other Government programs which are started?

Mr. WEAVER. I think this very process that we are in, sir, demonstrates the difficulty here. Authorization and appropriation are two separate activities. One does not always follow the other ipso facto.

Senator ALLOTT. Take your community facilities program which is under your direction, is it not?

Mr. WEAVER. Yes.

Senator ALLOTT. We have an authorization for community facilities. We appropriate for this annually. The same problems of financing in the local community are present there as would be present here.

Mr. WEAVER. Yes, but I think two things; in the first place there is a much more complicated financial problem here. More important than that, the planning requirements here are really somewhat unique—although they reflect the same sort of thing that is happening in the highway program now and these are long-term activities. I think that the assurance and the certainty that funds have been appropriated over the period when these activities would be required is almost necessary if we are going to get the type of local participation which is going to give us the best types of projects to pick from.

Senator ALLOTT. Were the funds appropriated under the 1961 act authorization?

Mr. WEAVER. The 1961 act, yes, but these were different types of funds; these were funds for loans. These were appropriated in one lump sum.

#### PITTSBURGH EXPERIMENT

Senator ALLOTT. Mr. Kohl, when will that project in Pittsburgh be completed?

Mr. KOHL. It should be operational early in the spring. This is starting from scratch, vehicles, and structures, so that there is a long manufacturing time involved.

Senator ALLOTT. Is that designed by Americans?

Mr. WEAVER. Yes, Westinghouse is one of the principal contributors, but many of the industries in the Pittsburgh area, Westinghouse Air Brake and similar companies, are cooperating. Not only does it have county support but also support from the State of Pennsylvania.

Senator ALLOTT. Thank you very much, gentlemen.



## GENERAL SERVICES ADMINISTRATION

### STATEMENTS OF DR. WAYNE C. GROVER, ARCHIVIST OF THE UNITED STATES; WILLIAM A. SCHMIDT, DEPUTY COMMISSIONER, PUBLIC BUILDINGS SERVICE; AND JOHN C. AUKWARD, ACTING DIRECTOR, BUDGET DIVISION

#### SUPPLEMENTAL ESTIMATE, 1965, CONSTRUCTION, PUBLIC BUILDINGS PROJECTS

##### APPROPRIATION LANGUAGE

*"The maximum construction improvement cost in the Independent Offices Appropriation Act, 1963, for construction and alteration of the border station at Nogales, Arizona, is hereby increased by \$282,000; and the maximum construction improvement cost in the Independent Offices Appropriation Act, 1964, of the post office and courthouse at Bangor, Maine, is hereby increased by \$767,000."*

##### GENERAL STATEMENT

"These increases in maximum cost will permit additional work, not covered under the present contract, on the border station at Nogales, Ariz., and the awarding of a contract for construction of a post office and courthouse at Bangor, Maine, which cannot be awarded under the present limitation. The required funds will be derived from savings on other projects in this appropriation." (Quoted from H. Doc. 338.)

##### JUSTIFICATION

A revised prospectus for the construction and alteration of the border station at Nogales, Ariz., was approved by the Public Works Committees of the Congress in July 1964 for \$2,323,000 and a prospectus for the construction of the post office and courthouse at Bangor, Maine, was approved in April 1962, at a total limit of cost of \$4,550,000.

##### *Nogales, Ariz., border station*

Funds for construction and alteration were included in the Independent Offices Appropriation Act, 1963, and a construction contract was awarded in September 1963. At the time the award for construction was made, it was necessary to accept five deduct alternates in order to conform to the congressional limitations of cost. A revised prospectus increasing the limit of cost was submitted to the Public Works Committees and was approved in July 1964. This increased authorization will permit the completion of the following work which can be accomplished by a separate contract or as a change order under the existing contract, if this increase is approved:

Alternate and description:	Cost
A—For omitting the removal of existing, and the construction of new Garita at Morley Ave-----	\$24,000
B—For omitting construction of truck scale, scale house. The area to be occupied by truck scale shall be paved to match adjoining surface-----	13,000
C—For omitting roof, including column and lighting fixtures over trucking dock, except for the 125-foot over center portion. All column footings as shown shall be provided for future attachment of columns, and install all chain link fence panels as shown-----	13,000



D—For omitting roof and columns over secondary inspection area. Provide footings and concrete pedestals and anchors, etc., for future attachment of precast concrete columns-----	\$31, 000
H—For omitting all the remodeling and extension work in the exist- ing customs and immigration buildings, as shown on all the extension and remodeling drawings, except all work connected with the switchgear room in the basement-----	182, 000
Construction-----	263, 000
Reservations-----	5, 000
Contingencies-----	14, 000
Increase required-----	282, 000

To complete the construction and alteration of the border station, the amount estimated for improvements is as follows:

Basic contract awarded in September 1963-----	\$1, 026, 006
Reservations and contingencies under existing contract-----	71, 244
Total under existing contract-----	1, 097, 250
Increase required-----	282, 000
Total required for improvements-----	1, 379, 250
Add: Sites and expenses-----	943, 750
Total approved limit of cost-----	2, 323, 000

*Bangor, Maine, post office and courthouse*

A prospectus for the construction of a post office and courthouse at Bangor, Maine, was approved by the Public Works Committees of the Congress in April 1962 at a total limit of cost of \$4,550,000.

Funds for construction were included in the Independent Offices Appropriation Act, 1964, in the amount of \$3,298,700. Bids for construction were opened on June 11, 1964, and nine bids were received. A summary of the base bid and alternates proposed for acceptance follows:

Bidder	Base bid	Alternate B	Alternate C
Electronic Engineers & Missile Facilities, Valley Stream, Long Island, N.Y.-----	\$3, 790, 000	+\$50, 000	+\$23, 000
Metacoustic, Inc., White Plains, N.Y.-----	3, 829, 000	+69, 000	+21, 500
Franchi Construction Co., Newton, Mass.-----	3, 846, 181	+65, 000	+25, 000
Alberthaw Construction Co., Boston, Mass.-----	3, 957, 000	+54, 000	+15, 000
J. Slotnik Co., Boston, Mass.-----	3, 957, 000	+98, 500	+29, 000
Jefferson Construction Co., Cambridge, Mass.-----	3, 963, 198	+70, 000	+25, 000
Consolidated Constructors & Builders, Inc., Portland, Maine....	3, 965, 980	+70, 000	+27, 000
Davison Construction Co., Manchester, N.H.-----	3, 976, 000	+63, 000	+28, 000
Wexler Construction Co., Newton Highlands, Mass.-----	3, 990, 000	+60, 900	+19, 500

NOTE.—Alternate B provides for the addition of a parking garage enclosure, including overhead and access doors, heating and sprinkler system, and for the omission of a bituminous wearing surface on the concrete pavement. Alternate C provides for the addition of a mailing platform enclosure, including overhead and access doors.

It will be noted from the bidding pattern that good competition was received and that the low bid is considered reasonable in light of the following factors:

- (a) Site conditions require extra foundation costs and elevated maneuvering area for post office trucks.
- (b) Remote location.
- (c) Short construction season resulting in labor inefficiency, additional heating, and protection costs.

In order to permit award of the contract, an increase of \$767,000 is required as follows:

Low bid plus alternates-----	\$3, 863, 000
Contingencies and reservations-----	202, 700
Total required-----	4, 065, 700
Amount appropriated-----	—3, 298, 700
Increase required-----	767, 000

Under authority contained in section 7(b) of the Public Buildings Act of 1959 (73 Stat. 480), the prospectus limit of cost has been increased by \$324,415 since it has been determined that construction costs have risen since the submission of the prospectus to the Public Works Committees in March 1962 to June 1964 by 7.13 percent.

Based on the increase requested, the total cost of the project is within the revised prospectus limit of \$4,874,415 as follows:

Sites and expenses.....	\$800,400
Improvements.....	4,065,700
Total cost.....	4,866,100

An additional appropriation is not requested as it is proposed to use construction savings accrued on other projects placed under contract and included in the Independent Offices Appropriation Act, 1963, under the "Construction, public buildings projects" appropriation.

#### ESTIMATE OF APPROPRIATION, 1965, NATIONAL HISTORICAL PUBLICATIONS GRANTS

##### APPROPRIATION LANGUAGE

*"For allocation to Federal agencies, and for grants to State and local agencies and nonprofit organizations and institutions, for the collecting, describing, preserving and compiling, and publishing of documentary sources significant to the history of the United States, \$500,000, to remain available until expended."*

##### GENERAL STATEMENT

"This supplemental estimate is to provide funds to carry out the act of July 28, 1964 (Public Law 88-383), authorizing appropriations of \$500,000 for the fiscal year 1965, and for each of the 4 succeeding fiscal years, for grants to State and local agencies and to nonprofit organizations and for allocations to Federal agencies for the purpose of collecting, reproducing, and publishing source materials significant to the history of the United States." (Quoted from H. Doc. 338).

This grant program is necessary to achieve the full purposes for which Congress revitalized the National Historical Publications Commission in 1950. It is essentially a program to make available to colleges and universities and other research institutions unique historical source material of importance to an understanding of the history of the United States. It will augment the research materials available to students, teachers and scholars in our schools and ultimately assure a fuller understanding of American history by all citizens.

The need for the preservation and publication of historical source material is obvious and above controversy. The funds requested in this appropriation are needed first of all, to assist those local and State agencies, historical and educational institutions having custody of documents of national importance who are financially unable to reproduce or publish this material. They are needed also for two important projects at the Federal level where the bulk of the records involved are of Federal origin—the Documentary History of the Ratification of the Constitution and the First Ten Amendments, and the Documentary History of the First Federal Congress.

Publication may be on microfilm if the papers to be used are primarily of interest to the historian for scholarly research; or in conventional letterpress form, if the individual or subject involved is of such national importance that a wider audience—jurists, legislators, teachers, and the public at large—may be anticipated. In some instances, a combination of selective letterpress publication supported by comprehensive publication on microfilm may be used. In advising sponsors on the method of publication, the Commission will seek the expert assistance of advisory committees selected for their knowledge of the particular era, subject, or individual involved.

A list of possible projects, a few of which have already been endorsed by the Commission, follows:

##### LIST OF PROJECTS

I. Projects already endorsed by the National Historical Publications Commission that are—

- (a) Underway but in need of immediate financial assistance;
- (b) Underway and requiring additional assistance;
- (c) Not yet started because of lack of funds.

1. *The Adams Papers* (a), including the papers of John Adams, John Quincy Adams, and Charles Francis Adams, sponsored by the Massachusetts Historical Society.
2. *The Papers of John C. Calhoun* (b), political leader and legislator, Secretary of War, Secretary of State, and Vice President, sponsored jointly by the Archives Department of the State of South Carolina and the University of South Carolina.
3. *The Papers of Henry Clay* (b), political leader and legislator, Secretary of State, sponsored by the University of Kentucky.
4. *The Papers of Benjamin Franklin* (b), author, scientist, diplomat, statesman, sponsored jointly by the American Philosophical Society and Yale University.
5. *The Papers of Alexander Hamilton* (a), Revolutionary leader, statesman, first Secretary of the Treasury, sponsored by Columbia University.
6. *The Papers of Thomas Jefferson* (a), statesman, diplomat, Secretary of State, and President, sponsored by Princeton University.
7. *The Papers of Henry Laurens* (a), merchant, Revolutionary leader, President of the Continental Congress, sponsored by the South Carolina Historical Society.
8. *The Papers of James Madison* (b), statesman, legislator, Secretary of State, and President, sponsored jointly by the University of Chicago and University of Virginia.
9. *Documentary History of the Ratification of the Constitution and First Ten Amendments* (a), sponsored by the National Archives.
10. *Documentary History of the First Federal Congress* (c), sponsored by the National Archives.

II. A sampling of possible additional projects not yet acted upon by the Commission, with their sponsoring institutions or suggested sponsors:

1. Agassiz, Jean Louis Rodolphe, 1807-73. Scientist, professor at Harvard University, leader in developing glacial theory. Harvard University, suggested sponsor.
2. Astor, John Jacob, 1763-1848. Trader and financier, founder American Fur Company. Baker Library, Harvard University Graduate School of Business Administration, suggested sponsor.
3. Backus, Isaac, 1724-1806. Baptist clergyman, leader of movement for religious freedom in New England. Brown University, sponsor.
4. Barton, Clara, 1830-1912. Civil War nurse, founder and first President of the American Red Cross. American Red Cross, suggested sponsor.
5. Bell, Alexander Graham, 1847-1922. Scientist, inventor of the telephone, President of the National Geographic Society, 1896-1904. National Geographic Society, suggested sponsor.
6. Bulfinch, Charles, 1763-1844. Architect. American Institute of Architects, suggested sponsor.
7. Carnegie, Andrew, 1835-1919. Industrialist and philanthropist. U.S. Steel Corporation and Carnegie Corporation, suggested sponsors.
8. Chase, Salmon P., 1808-1873. Governor of Ohio, United States Senator, Secretary of the Treasury, and Chief Justice of the U.S. Supreme Court. Ohio Historical Society, suggested sponsor.
9. Coxe, Tench, 1755-1824. Political economist, statistician, and public official. Historical Society of Pennsylvania, suggested sponsor.
10. Davis, Jefferson, 1808-1889. U.S. Representative and Senator from Mississippi, Secretary of War, President of the Confederacy. Rice Institute, sponsor.
11. Donnelly, Ignatius, 1831-1901. Journalist, novelist, and Populist political leader. Minnesota Historical Society, suggested sponsor.
12. Edison, Thomas Alva, 1847-1931. Inventor. Thomas Alva Edison Foundation, Inc., suggested sponsor.
13. Gallatin, Albert, 1761-1849. Political leader, Secretary of the Treasury, diplomat, and ethnologist. New York University, sponsor.
14. Gibbons, James, Cardinal, 1834-1921. Religious leader, Archbishop of Baltimore. Catholic University, suggested sponsor.
15. Gompers, Samuel, 1850-1924. Labor leader, founder and first president of the American Federation of Labor. American Federation of Labor, suggested sponsor.
16. Grant, Ulysses Simpson, 1822-85. Commander-in-Chief of the Union Army in the Civil War and President of the United States. U. S. Grant Association, sponsor.



17. Greeley, Horace, 1811-72. Newspaper editor. Columbia University School of Journalism, suggested sponsor.
18. Henry, Joseph, 1797-1878. Physicist, inventor, first Secretary of the Smithsonian Institution. American Philosophical Society, Smithsonian Institution, and National Academy of Sciences, proposed sponsors.
19. Jackson, Andrew, 1767-1845. U.S. Representative and Senator, military leader, President of the United States. Tennessee Historical Commission, suggested sponsor.
20. Jay, John, 1745-1829. Revolutionary leader, diplomat, jurist. Columbia University, sponsor.
21. Johnson, Andrew, 1808-75. U.S. Representative and Senator, Governor of Tennessee, President of the United States. University of Tennessee and Tennessee Historical Commission, sponsors.
22. La Follette, Robert Marion, 1855-1925. Governor of Wisconsin, U.S. Representative and Senator, leader of the Progressive Party. Wisconsin Historical Society, sponsor.
23. Lee, Richard Henry, 1732-1794. Revolutionary patriot and statesman. Virginia Historical Society, suggested sponsor.
24. Lee, Robert Edward, 1807-1870. Army officer, commander of the Confederate forces in the Civil War. Washington and Lee University, suggested sponsor.
25. Mayo, William James, 1861-1939, and Charles Horace Mayo, 1865-1939. Surgeons, leaders in clinical medical practice. Mayo Foundation and University of Minnesota, suggested sponsors.
26. Monroe, James, 1758-1831. Revolutionary leader, Governor of Virginia, diplomat, Secretary of State, and President of the United States. George Washington University and Monroe Memorial Foundation, suggested sponsors.
27. Morrill, Justin Smith. 1810-1898. U.S. Representative and U.S. Senator, author of the Morrill Act. Vermont Historical Society, sponsor.
28. Penn, William, 1644-1718. Quaker leader, founder and proprietor of Pennsylvania. Friends Historical Society and Swarthmore College, suggested sponsors.
29. Pickering, Timothy, 1745-1829. Quartermaster General of the Revolutionary Army, Postmaster General, Secretary of War, Secretary of State, and Federalist leader in Congress. Massachusetts Historical Society, sponsor.
30. Polk, James Knox, 1795-1849. Speaker of the U.S. House of Representatives, Governor of Tennessee, and President of the United States. Vanderbilt University and Tennessee Historical Commission, sponsors.
31. Powell, John Wesley, 1834-1902. Explorer, geologist, ethnologist. Cosmos Club and Smithsonian Institution, suggested sponsors.
32. Schoolcraft, Henry Rowe, 1793-1864. Explorer, Indian agent, ethnologist. Wayne University, sponsor.
33. Schuyler, Philip John, 1733-1804. Colonial leader in New York, Revolutionary general, U.S. Senator. New York State Education Department, sponsor.
34. Seward, William Henry, 1801-1872. U.S. Senator, Secretary of State under Lincoln and Johnson. Purchased Alaska. University of Rochester, sponsor.
35. Sherman, William Tecumseh, 1820-1891. Military leader in Civil War and on the frontier. U.S. Military Academy at West Point, suggested sponsor.
36. Stevens, Isaac Ingalls, 1818-1862. Military engineer, explorer Northern transcontinental railroad route, territorial governor of Washington, Indian administrator, Civil War general. University of Washington, sponsor.
37. Story, Joseph 1779-1845. Professor of law and Associate Justice of the United States Supreme Court. Massachusetts Historical Society, suggested sponsor.
38. Taney, Roger Brooke, 1774-1864. U.S. Attorney General, Secretary of the Treasury, and Chief Justice of the United States, 1836-64. Dickinson College and Maryland Historical Society, suggested sponsors.
39. Van Buren, Martin, 1782-1862. U.S. Senator, Governor of New York, Vice President and President of the United States. Fordham University, sponsor.
40. Washington, Booker Taliferro, 1856-1915. Negro leader and educator, founder of Tuskegee Institute. Tuskegee Institute and Association for Negro History, suggested sponsors.

41. Webster, Daniel, 1782-1852. Lawyer, U.S. Representative and U.S. Senator, Secretary of State in cabinets of Harrison, Tyler, and Fillmore. Dartmouth College, sponsor.
42. Welch, William Henry, 1850-1934. Physician, leader in medical education and research. Johns Hopkins University, suggested sponsor.
43. Willard, Emma Hart, 1787-1870. Pioneer in women's education. American Association of University Women, suggested sponsor.
44. Wolcott, Oliver, 1760-1883. Federalist leader, Secretary of the Treasury, Governor of Connecticut, and jurist. Yale University and Connecticut Historical Society, suggested sponsors.
45. Young, Brigham, 1801-77. Leader of the Mormon migration and colonization of the Great Salt Lake Valley, first Governor of Utah Territory, 1801-77. Brigham Young University and Utah Historical Society, suggested sponsor.

Of the \$500,000 requested in this appropriation, approximately \$200,000 will be used for grants and allocations to projects of sufficient public significance to warrant letterpress publication and \$300,000 will be used for projects involving microfilm publication only, or selective letterpress publication backed by complete publication on microfilm. The grants are expected to average no more than \$15,000 to \$20,000 per project per year, with sponsors sharing the cost. In the case of the two Federal projects, the full cost will have to be covered, averaging \$50,000 each per year, if they are to be completed within 5 years.

In addition to the appropriated funds requested, the Commission is negotiating with a large foundation which has given some indication that it will support certain of the large letterpress publications now underway. When this matter has been settled, other foundations will also be approached for funds. This is in accordance with the Commission's recommendations to the President—that the program in its entirety be supported both by the Government and by private philanthropy.

This program of the National Historical Publications Commission has been endorsed by all of the national professional organizations interested in historical research and by public leaders in many walks of life. The program had the strong support of the late President John Fitzgerald Kennedy, and equally strong support has been given to it by President Johnson.

#### NATIONAL HISTORICAL PUBLICATIONS GRANTS

*Program and financing (in thousands of dollars)*

	Original estimate, 1965	Revised estimate, 1965	Increase
Program by activities:			
1. Allocations to Federal agencies.....	-----	100	100
2. Grants to State and local agencies, and to nonprofit organizations and institutions.....	-----	400	400
Total obligations (object class 25).....	-----	500	500
Financing: New obligational authority (appropriation).....	-----	500	500

#### PUBLIC BUILDINGS CONSTRUCTION

Senator ALLOTT. Now we come to General Services Administration items. One of these is language under real property activities, construction public building projects and the other is estimate in the amount of \$500,000 for general activities, National Historical Publications grant.

Dr. Grover, Mr. Schmidt, and Mr. Aukward.

Dr. GROVER. Senator, I will speak to the question of grants.

Senator ALLOTT. First of all, are you going to read a statement?

Dr. GROVER. No, sir; but I have a prepared statement from the Administrator.

Senator ALLOTT. We will place the entire statement in the record, then.

(The statement referred to follows:)

ADMINISTRATOR'S STATEMENT ON NATIONAL HISTORICAL PUBLICATIONS GRANTS—  
SUPPLEMENTAL ESTIMATE, 1965

Mr. Chairman, we are requesting \$500,000 in this supplementary appropriation in order to get underway immediately with the program of grants to State and local agencies, universities and research institutions in support of projects for the collection, preservation, description, and publication of documents important to the history of our Nation. The legislation authorizing this appropriation was given full and complete consideration in hearings by the Senate and House Committees on Government Operations. The bill was signed by President Johnson on July 28, as Public Law 88-383.

The legislation authorizes an appropriation of \$500,000 for fiscal year 1965 and for each of the succeeding 4 years. Unless an appropriation is made this year the effect will be to shorten the program to 4 years rather than the 5 years intended by the Congress in its authorizing legislation.

Mr. Chairman, let me assure that we are in a position to utilize this year the funds requested in this appropriation. In the first place the program of the National Historical Publications Commission, which these funds will implement, is not new. The program really dates back to 1951 when the National Historical Commission was revitalized by President Truman. He directed the Commission at that time to develop a program that would make widely available to the American people the important documents of our history.

The Commission in its report of 1954 to President Eisenhower outlined such a program. The President approved the program and for the past 10 years the National Historical Publications Commission has been actively promoting projects (and cooperating with project sponsors) for the publication of the papers of our great national leaders. The papers of Jefferson, Hamilton, Franklin, the Adamses, Madison, and several other projects were initiated in this decade.

These projects were all undertaken with private financing and considerable progress undoubtedly was made, but after a decade of experience the National Historical Publications Commission was forced to the conclusion that more stable financing was necessary if the projects underway were to be carried through to conclusion; and, even more important, if additional projects of equal merit were to be initiated.

This conclusion was expressed in the report of the Commission which was submitted to President Kennedy in January 1963. The report recommended that the Federal Government recognize its obligation and share with private philanthropy the support of the Commission's program. The Commission's report recognized also that the Commission must play a positive role in shaping a well-balanced national program.

From these conclusions of the Commission came the proposal which was enacted into law and signed by President Johnson last month.

In addition to the appropriated funds we are seeking here today, the Commission is negotiating with a large foundation for a portion of the support of its program. These negotiations will be aided if the Congress will make available a share of the Commission's requirements.

At this point the complete support of the program of the National Historical Publications Commission by both President Kennedy and President Johnson, should be noted. President Kennedy wrote the Administrator on January 19, 1963, expressing approval of the Commission's proposals. He concluded his letter by saying:

"If the Commission is to plan a balanced national program of editing and publication for the next 10 years with collecting and microfilming activities to support and supplement letter-press publication, it must have resources on which it can depend. Compared with the funds required for other programs for the national good, those requested by this Commission for this program are modest indeed. I feel confident that our private foundations and the Federal Government will together agree to provide the necessary budget. The amendatory legislation needed to make this cooperative program a reality has my full approval."



President Johnson wrote on February 5, 1964, also giving his full endorsement of the Commission's program. His letter reads as follows:

THE WHITE HOUSE,  
Washington, February 5, 1964.

DEAR MR. BOUTIN: I am glad to note that the bill (H.R. 6237) to authorize the National Historical Publications Commission to make small grants to encourage the preservation, compilation, and publication of the original documents of our history is now before the Senate. I agree fully with the letter President Kennedy wrote last year in support of this project.

America has had a proud history, and the American people are entitled to have the documentary record of our past and the papers of our great statesmen and leaders compiled and published in easily available form. Federal participation in the program will help support and stimulate our archival agencies, historical societies, research libraries and related educational institutions to share their documentary holdings with universities and colleges throughout the land and with the American people. I look forward particularly to the completion of the projects to publish the papers of the Adamases, Franklin, Hamilton, Jefferson, and Madison.

This bill supplements and, in the field of American history, is an essential adjunct to, the major legislation in aid of education enacted by Congress last session.

It is my hope that the Senate will complete action on the bill early in the new session. I would like it to be in time to permit the necessary appropriations for the coming year and to allow the National Historical Publications Commission to make its plans with this in mind.

Sincerely,

LYNDON B. JOHNSON.

You will note that President Johnson expected the National Historical Publications Commission to make its plans based on the expectation that funds as requested in this appropriation would be available this year. This the Commission has done. We are ready to go. The necessary announcements of the program, and the procedure for making the grants have been developed. A meeting of the National Historical Publications Commission has been scheduled for September 11 to give final consideration to the instructions to those who will wish to submit applications for grants. The program itself will be shaped by the National Historical Publications Commission on the basis of applications that appear best calculated to assure proper balance and proportion. Many applications have over the past 10 years already been received by the Commission; many such as that relating to the papers of John Marshall have not been able to get underway for lack of funds. The Commission itself will play a positive role in the stimulation of applications and in consulting with and advising applicants as to program requirements.

In brief it is proposed that project proposals will be submitted by institutions and agencies that have custody of documentary material of national significance. The applications will be handled as follows:

1. The proposals will be reviewed by the staff of the National Historical Publications Commission for conformity with application requirements and the stated objectives of the grant program.

2. Proposals that meet these requirements will then be reviewed by the Executive Director of the Commission in terms of the planned program of the Commission.

3. All proposals, with the recommendations of the Executive Director, will be evaluated by the Commission.

4. The Commission will utilize such advisory committees as it regards as necessary to properly evaluate specific project proposals or proposals in specialized areas of American history.

5. Proposals judged worthy of grant assistance, with the recommended conditions and amount of assistance, will be forwarded to the Administrator of General Services.

6. After review by designated administrative, legal, and fiscal units of the General Services Administration, proposals will be reviewed by the Administrator

of General Services who would make the actual allocations and grants. Careful administrative controls will be maintained over the expenditure of all funds:

- (a) Allocations will be made on a semiannual basis.
- (b) The Commission staff will review semiannual written reports on the progress of all projects.
- (c) The Commission staff assisted by designated fiscal units of the General Services Administration will review semiannual and final financial reports submitted by each project.
- (d) Funds unused at the completion of a project will revert to the General Services Administration.

The following are the more important policy determinations that we have made concerning the grant program. Priority will be given—

- (a) To projects that have or demonstrate that they can obtain additional resources (that is non-Federal) equal to or greater than the amount requested as a Federal grant. Grants will probably average \$15,000 to \$20,000 per project annually.
- (b) To projects that can be completed within 5 years and that will result in the completion of useful segments within 2 to 3 years.
- (c) To projects that involve documentary materials appropriate for microfilm publication or for selective publication of a limited number of documents by letterpress accompanied by comprehensive microfilm reproduction.

We have had experience in the National Archives in the value of a microfilm publication program. The National Archives for the past 20 years has been publishing its important historical records—records important to historical research—on microfilm. This method of publication makes available at small cost large volumes of historical papers; and the response of the universities and colleges in our Nation to this program of the National Archives indicates how much demand there is for the basic documentation of our history. We earnestly hope through the grant program of the National Historical Publications Commission to make available the important holdings of non-Federal agencies and institutions. No point illustrates more clearly the cooperative nature of this program than the sharing through microfilm publication of our documentary resources by our educational and research institutions.

Mr. Chairman, the basic purposes of this program are to increase the source material available to scholars and to make available to everyone the important writings and documents of our history. It will augment the research materials available to students, teachers, and scholars in our schools and ultimately assure a fuller understanding of American history by all citizens.

As the report of the Senate Committee on Government Operations concluded, the Commission's program "is not a program to relieve State and local jurisdictions of their responsibility or to invade with Federal funds areas reserved for State and local action. Rather this legislative proposal would make possible the most effective kind of cooperation between Federal and State agencies, our academic institutions, and the private foundations in a program to provide, for the growing number of graduate students in our colleges and universities, access to the source materials needed for a study of our democratic institutions and the problems and progress of our democratic society."

Mr. Chairman, in closing I must mention two projects relating primarily to the Federal Government that would be financed from this appropriation: first, the project to publish by conventional letterpress the papers relating to the ratification of the Constitution and the Bill of Rights. This project was initiated with foundation funds, but its continuance depends upon this appropriation. This project and a second one covering the papers of the First Federal Congress, the Congress that established the working machinery of our Government, have been endorsed by the National Historical Publications Commission, as being of the first importance. Their completion prior to the decade of bicentennial observances that will begin with the Declaration of Independence is important not only properly to commemorate the anniversaries but more importantly so that all of us, students, scholars, writers, government officials, and private citizens can have available for study the documentation on which all true history rests. I am sure we all agree with James Madison who said in a letter of March 19, 1823, to Edward Everett—

"And if the abundance and authenticity of the materials which still exist in private as well as public repositories among us should descend to hands capable of doing justice to them, then American history may be expected to contain more truth, and lessons certainly not less valuable than that of any country or age whatever."

STATEMENT OF WILLIAM A. SCHMIDT

CONSTRUCTION PUBLIC BUILDINGS PROJECTS

Senator ALLOTT. Then you may comment on it.

Dr. GROVER. This is Mr. Schmidt, Deputy Commissioner of the Public Buildings Service who will speak to the language changes in the Public Buildings appropriation.

Mr. SCHMIDT. The first of these items is an increase of \$282,000 in the maximum construction cost for the border station project at Nogales, Ariz. This will permit us to do additional work. The project is now under contract. It is about 85 percent complete. We expect to complete the present contract in October of this year.

The second is—

Senator ALLOTT. Before you leave that, why do you need this additional money? Did you underestimate your bids or did you make changes or what?

Mr. SCHMIDT. In this particular case, additional land was needed to enlarge the facility which cost a great deal in excess of the original estimate. We have received a new authorization from the Public Works Committees. They recently approved the revised project, in June and July, by the House and the Senate committees, respectively. When we put the project under contract we took a number of deduct alternate bids but could only award the basic contract, excluding this additional work. This is not a request for funds but a change in the language. We would propose to use savings from other projects in our construction appropriation.

REASON FOR COST INCREASE

Senator ALLOTT. It is not clear to me why the increase. Because of the increased cost of acquisition of land?

Mr. SCHMIDT. The acquisition cost of land reduced the amount available for construction under the original authorization.

Senator ALLOTT. How much did you estimate it would cost and how much did it cost?

Mr. SCHMIDT. The land cost was \$732,000. Our original estimate for that cost was in the neighborhood of \$400,000.

Senator ALLOTT. So the entire difference here is the difference in acquisition of land?

Mr. SCHMIDT. That is right, sir. It is due to the increased cost of the land.

Senator ALLOTT. Now will you proceed to the next?

POST OFFICE AND COURTHOUSE, BANGOR, MAINE

Mr. SCHMIDT. The second project is the post office and courthouse at Bangor, Maine. We have opened bids on this project. We received nine bids. We consider them to be reasonable. However, we need an increase in the maximum appropriation limit of cost of \$767,000 in order to make an award.



Senator ALLOTT. And this is an underestimate upon the basis of the cost of the building.

Mr. SCHMIDT. There has been an increase in construction costs in this area in the neighborhood of 7 percent. In addition to that, because of site conditions there is an increase in the cost of the project.

Senator ALLOTT. So it is an increase of site, it is an increase in the cost of construction?

Mr. SCHMIDT. Yes, sir; construction costs and site conditions.

Senator ALLOTT. Can you break those two items down, Mr. Schmidt?

#### SITE TOPOGRAPHY

Mr. SCHMIDT. As to the site, it is the additional construction cost because of site topography. As far as the construction costs are concerned, since March of 1962 when the original estimate was prepared, there has been a 7.13-percent increase in the construction costs for this area.

Senator ALLOTT. So it is not an acquisition matter here, site acquisition, it is a matter of increased cost in dealing with the topography and construction; is that correct?

Mr. SCHMIDT. That is correct.

Senator ALLOTT. Plus the increase of 7.13 percent in the general cost of construction.

That is a makeup of this item; is that right?

Mr. SCHMIDT. That is right. In this case we are asking for the language change. We would propose to fund this increase from construction savings.

Senator ALLOTT. I have been asked to ask you this question by the Senator from Nebraska, Mr. Hruska.

#### FEDERAL BUILDINGS, LINCOLN, NEBR., AND SHREVEPORT, LA.

As you know, the conference committee deleted the site and expense for new Federal buildings in Lincoln, Nebr., and Shreveport, La. The conference report indicated that as soon as these projects are authorized they will be promptly funded.

Is that your understanding?

Mr. SCHMIDT. Well, as far as the Shreveport project is concerned we have submitted a report to the Public Works Committee under section 11(b) of the Public Buildings Act of 1959. This was at the request of the Senate committee. However, on the Lincoln, Nebr., project we have not submitted proposals to the Public Works Committee.

Senator ALLOTT. What would it take to get you to submit such proposal?

Mr. SCHMIDT. As far as the current program is concerned, we had not proposed to submit a project for Lincoln. Our program was submitted about last February. However, we are considering this project in the 1966 program.

Senator ALLOTT. That probably answers the next question. Therefore, we may expect the public building service to seek early authorization of these projects and to have them included in its fiscal 1966 budget request.

Mr. SCHMIDT. This would be in the program to be submitted to the Public Works Committees in January 1965:

Senator ALLOTT. Thank you.

### NATIONAL ARCHIVES

#### NATIONAL HISTORICAL PUBLICATIONS GRANTS

Dr. GROVER. Senator, Mr. Boutin, the Administrator, is sorry he could not be here. He asked me to submit for the record his statement endorsing this request for an appropriation. I am appearing also as Chairman of the National Historical Publications Commission which is part of the General Services Administration.

Senator ALLOTT. To get myself straightened out, Dr. Grover, is this a part of the line item under the Archives?

Dr. GROVER. Under the "National Archives and Records Service" appropriation for operating expenses.

Senator ALLOTT. In our General Services budget of the independent offices?

#### LIST OF MEMBERS

Dr. GROVER. Yes. I would like to submit a list of the members of the Commission for the record. Senator Saltonstall represents the Senate and has kept very good track of our activities, Senator Allott. I think he is familiar with this program.

(The material referred to follows:)

#### MEMBERS OF NATIONAL HISTORICAL PUBLICATIONS COMMISSION

Wayne C. Grover, Archivist of the United States, Chairman.

Lyman H. Butterfield, editor in chief, "The Adams Papers."

Felix Frankfurter, Associate Justice of the Supreme Court of the United States (retired).

William M. Franklin, Director of the Historical Office, Department of State.

Joe B. Frantz, professor of history and chairman of the department, University of Texas.

David C. Mearns, Chief of the Manuscript Division, Library of Congress.

George P. Miller, Member of the U.S. House of Representatives from California.

Leverett Saltonstall, U.S. Senator from Massachusetts.

Arthur M. Schlesinger, professor emeritus of history, Harvard University.

Boyd C. Shafer, professor of history, Macalester College.

Rudolph A. Winnacker, historian, Office of the Secretary of Defense.

#### PURPOSE OF SUPPLEMENTAL REQUEST

Dr. GROVER. The request for the appropriation of \$500,000 is to carry out the provisions of the act signed by the President on July 28 of this year which grew out of a report of the National Historical Publication Commission to the President in 1963. The report recommended a joint program by which philanthropic foundations and the Congress would share the cost of a program which is essentially designed to augment the resources for research in American history of all our universities. Much of our best archival and manuscript material is concentrated in relatively few depositories.

This program both by microfilm publication and letterpress publication is designed to make them widely available in universities which are handicapped in studies by lack of basic documentation for research.

It is also a continuation of a program that has been in being for over a decade encouraging the publication by private organizations of editions of the writings of leading Americans particularly during the period of the founding of the Republic. There are projects now going on at various universities looking toward the publication of papers of Jefferson, Hamilton, Adams, Madison, and Franklin. These were first sponsored by this Commission and are continuing.

Senator ALLOTT. I thought the Adams papers had been published.

Dr. GROVER. No, sir. About six volumes have been published. The complete papers have been put on microfilm. The Adams project is one that needs the support.

Senator ALLOTT. You are asking for \$500,000 here.

#### NEGOTIATIONS WITH FOUNDATIONS

Dr. GROVER. We are also, as I say, negotiating with foundations. Our request to one large foundation looks very promising—for funds to support some of the big letterpress publications. The money will come to the National Archives Trust Fund Board. The foundations themselves want to have some central group to receive applications in this program. The foundation money and the money received from Congress, \$500,000 appropriation, would be administered in much the same way. Applications would be received from the institution, which holds the basic documentation. They would be considered by the Commission, using advisory committees of experts in certain areas, and a cohesive program would be approved.

Senator ALLOTT. You request language here, under real property activity, construction development of public buildings project.

#### GENERAL ACTIVITIES, NATIONAL HISTORICAL PUBLICATION GRANTS

The other is the estimate in the amount of \$500,000 for "General activities, national historical publication grants." In your justification you say of the \$500,000 requested in this appropriation approximately \$200,000 will be used for grants and allocation to projects of sufficient public significance to warrant letterpress publication and \$300,000 will be used for projects involving microfilm only or selective letterpress publication backed by complete publication on microfilm. These grants are expected to average no more than \$15,000 to \$20,000 per project per year with sponsors sharing the cost.

In the case of the two Federal projects the total cost will have to be covered averaging \$50,000 each per year if they are to be completed within 5 years.

You have indicated to me before I think that the sponsors would generally be either nonprofit institutions or universities. Is that correct?

Dr. GROVER. That is right. All nonprofit institutions.

Senator ALLOTT. Your reason for asking for the \$500,000 at this time is because the bill was not signed until July 28 and because the effect, if you are not given a supplemental appropriation, would be that you would have only 4 years of authorization instead of 5.

Dr. GROVER. That is right, sir.

Senator ALLOTT. I think that is all, Doctor.

Dr. GROVER. Thank you very much, Senator.



## COMMITTEE RECESS

Senator ALLOTT. The committee will recess until 2 this afternoon. (Whereupon, at 12:55 p.m. the committee was recessed, to be reconvened at 2 p.m. the same day.)

(AFTERNOON SESSION, 2 P.M., FRIDAY, AUGUST 14, 1964)

## DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

## ITEM IN REQUEST

Senator ALLOTT. The meeting will come to order.

We will hear testimony now on the Department of Health, Education, and Welfare, on the following items: request of \$8 million for the Office of Education, Civil Rights Educational Activities, and an estimate of \$1,920,000 for the Public Health Service on chronic diseases and health of the aged.

The two Senators from North Carolina are interested in this latter item, and we will proceed to hear from them. I will call you first, Senator Ervin.

**STATEMENT OF HON. SAM J. ERVIN, JR., A SENATOR IN CONGRESS  
FROM THE STATE OF NORTH CAROLINA**

## ELIMINATION OF PROPOSED CLEARINGHOUSE ON SMOKING

Senator ERVIN. I was informed about an hour and a half ago that the supplemental appropriations bill contained this item and I appear before the committee to urge the committee to eliminate this item from the bill.

I do this for the reason that I think that before anything of such a drastic nature as this proposed appropriation and the purpose of it is undertaken by a department of Government, the States which will be concerned, which include such States as North Carolina, Kentucky, and some 15 other States, and the hundreds of thousands of people who are interested in growing tobacco and manufacturing tobacco, should be given an opportunity to be heard. It is impossible to overmagnify the importance of the growing and manufacturing of tobacco to the American economy. There are 750,000 farm families which depend in part or in whole upon the growing of tobacco for their livelihood. There are at least 96,000 persons who are employed in the manufacturing of tobacco products, and when you add to the tobacco growers and the employees of tobacco manufacturing plants, those who deal in tobacco products of one kind or another, there are millions of people in the United States whose incomes are affected by the growing and manufacturing of tobacco and the sale of tobacco products. In my State of North Carolina alone approximately \$565 million in cash was paid to the tobacco growers during the past year.

## REPORT OF SURGEON GENERAL

I think that the request for this appropriation arises out of the report of the Surgeon General's Committee. The Surgeon General's Committee was composed of physicians who did not do any research whatsoever themselves, as I understand it into the questions discussed

in their report. They merely took a conglomeration of statistics that had been built up over the years and placed certain constructions upon them. Other physicians have taken those same statistics and drawn quite different conclusions from them.

#### DIFFERING REPORTS

Other physicians have taken those statistics and drawn the conclusion that there is no proof of any causal relation between smoking and lung cancer. Other physicians have conducted investigations into vital statistic records and concluded that in the old days before medical science possessed present means to diagnose lung cancer, deaths from lung cancer were virtually all attributed to tuberculosis. A very distinguished British physician has reviewed the vital statistics records of London, which antedate ours by many years, and has drawn the conclusion that there is really no substantial proof of even an increase in lung cancer. He says, that in times past the deaths of many people who died of lung cancer had their deaths attributed by their death certificates to tuberculosis.

#### OPPOSITION HEARING URGED

I think that for the Federal Government to spend money to operate a propaganda machine against one of the most important industries in the United States is something that can't be justified until the other side of this case has been heard by Federal officials. The companies manufacturing tobacco products are going into the courts to contest the order of the Federal Trade Commission ordering them to label cigarettes as health hazards both upon the ground that there is no legal authority for the order and also on the ground that it is not justified by the facts even if legal authority existed. It seems to me that, before the Federal Government actually embarks upon the program of propagandizing against one of the leading American industries, the people who are to be affected by the propagandizing ought to be heard, and so I think that this item should be eliminated from this bill. If there is any desire on the part of anyone in HEW to include such an item in an appropriation bill, he ought to ask to have it included in the regular appropriation bill at the next session, and the committee should let the people whose interests are to be affected have an opportunity to be heard before they are condemned.

#### IMPORTANCE OF TOBACCO INDUSTRY

The importance of tobacco is not solely to those who grow it, and to those who manufacture it, and those who sell it, but is also important to the Government because excise taxes from tobacco alone bring to Federal, State, and local governments each year approximately \$3.5 billion, approximately \$2 billion of the amount going into the Federal Treasury.

#### RESEARCH ON TOBACCO

We expect to ask next year for a substantial increase in the appropriation for research in tobacco, and so we ask in all fairness to millions of American citizens who would be injuriously affected that this committee not authorize an appropriation to the Department of Health, Education, and Welfare of \$1,920,000 to be used to propagandize

against an American industry which has never yet been given an opportunity by that Department or any other agency of the Government to present its side of this case. I insist that before any such drastic action as that suggested by this proposal is taken by the Federal Government, the people to be affected and those who are more expert in this field than I am be given an opportunity to be heard. Therefore, I ask that this item be eliminated from the supplemental appropriation bill and that anyone in HEW who desires such an item ask for it to be put in the regular budget HEW appropriation bill next year and that the persons to be affected by it may have an opportunity at that time to present their side of the case and be heard before they are condemned.

POSSIBLE ECONOMIC EFFECTS

Senator ROBERTSON. Senator, you have referred to the tremendous amount of income that farmers get from raising tobacco. Of course nobody knows what would take place if that were suddenly outlawed.

You mentioned the taxes that the Federal Government gets. What do they amount to?

AMOUNT OF EXCISE TAXES

Senator ERVIN. According to my information, the Federal, State, and local governments get almost \$3.5 billion a year in excise taxes alone. I am unable to say how much more the Federal Government receives in income taxes as a result of the growing and manufacturing of tobacco.

Senator ROBERTSON. Excise taxes alone bring close to \$4 billion and then there is a heavy cut on all the tobacco warehouses, processors, and what-not make.

Senator ERVIN. Yes, sir.

PROOF OF CARCINOGENIC EFFECTS OF TOBACCO

Senator ROBERTSON. Has there been any definite and conclusive statement of any proof of American doctors that smoking cigarettes will give you lung cancer?

Senator ERVIN. Personally, I don't think there has been any such proof, and I have read a good deal on the subject. The medical statistician for the Mayo Clinic, who happens also to be a member of the medical faculty of the University of Minnesota, has stated in a published article that in his judgment there is no proof of any casual relationship between smoking and lung cancer. He told in this article of having attended a panel discussion on the subject in London several years ago in which some persons from the Department of Health, Education, and Welfare participated. He said he talked to a famous British medical statistician at this discussion about the same statistics which were considered by the Surgeon General's Committee and, that the distinguished British medical statistician said he didn't think they were within a thousand miles of understanding what these statistics mean. He quoted the British medical statistician's statement on this point and then he put a footnote in his statement to the effect that the statement of this distinguished British medical statistician is shared by this "undistinguished American statistician."



Senator ROBERTSON. They have a lot of explanations for lung cancer and one of them is the excessive use of cigarettes.

Suppose we lump all the lung cancers together on one side and all of the chronic alcoholics and bums, and what not from liquor on the other side. Which would we have the most of?

#### QUESTION OF EFFECTS OF ALCOHOL

Senator ERVIN. There is no question as to that. There would be far more among those who consume alcohol.

Senator ROBERTSON. Has anybody proposed that we put the poison sign, the skull and crossbones, on every bottle of liquor that is sold?

Senator ERVIN. I do not think so since the repeal of the 18th amendment. I might say, Senator, that many of those who have studied this subject say that they don't think we have scratched the surface on this question. In the first place, I don't think doctors can tell you what causes cancer. I don't think they can even tell you what cancer is, much less tell you what causes it. These very statistics they have will show that there are more deaths from lung cancer in urban centers than there are in rural areas, and a great many take the position that we breathe carbon dioxide and other noxious vapors from manufacturing plants in congested areas of population and that those things rather than smoking cause lung cancer.

#### HEART DISEASE

Senator ROBERTSON. At the present time what is the biggest killer of all diseases?

Senator ERVIN. I presume the heart.

Senator ROBERTSON. That is right. And the doctors say cholesterol in the blood produces heart trouble.

Senator ERVIN. Yes; heart trouble.

Senator ROBERTSON. Don't they say that eggs will produce cholesterol?

Senator ERVIN. That is right.

Senator ROBERTSON. With all the eggs we sell, does anybody say, "Don't eat eggs because you might have heart trouble."

Senator ERVIN. No.

Senator ROBERTSON. I think you are so right that we better know exactly what we are doing, before we put an industry out of business.

#### KNOWLEDGE INCOMPLETE

Senator ERVIN. Many who study this field say that they haven't scratched the surface on the subject, as to whether there is any relation between smoking and cancer. It has not been explored sufficiently. It is well to remember that the medical profession sometimes has made mistakes. It is said humorously that the difference between the mistakes of a doctor and the mistakes of a lawyer is that a lawyer's mistakes are hanged on high while a doctor's mistakes are buried. Doctors noticed years ago that people who live near swamps suffer from malaria, and they drew an inference that it is caused by breathing bad air originating in decomposed vegetation in swamps.

They called the ailment malaria, which means bad air. At a later time the medical profession noticed that people who lived in areas where much corn is eaten had pellagra, and they declared that pellagra was caused by eating corn. They investigated these questions before they undertook to ruin any industries and they found that there was no cause by eating corn. They investigated these questions before malaria was caused by the female anopheles mosquito which after biting one infected person bit another and thus transmitted the disease to the latter. They also discovered by investigation rather than by propaganda that there was no relation whatever between eating corn and pellagra, but that, on the contrary, pellagra was not caused by what people ate, but by what they did not eat. They discovered that pellagra was caused by a deficiency of niacin in the foods eaten. I think before the Federal Government receives an appropriation for the purpose of propagandizing against a chief American industry, which pays more excise taxes to the Federal Government than almost any other industry, the Federal Government ought to conduct some real research or at least give the people to be affected a chance to be heard and not repeat some of the mistakes of the past.

Senator ROBERTSON. Senator, since you are a student of the prophets as well as the law, I am sure you will remember, and it is recorded, about a great Israelian named Asa. It is said that Asa put his faith in the doctors and Asa slept with his father.

Senator ERVIN. The Bible also says something concerning the woman with an issue of blood. It says she suffered many things of many physicians, and had spent all that she had, and was nothing bettered, but rather grew worse.

#### ACTION ON INCONCLUSIVE EVIDENCE

Senator ROBERTSON. I have a lot of faith in doctors, but I don't think they have all agreed on what it is. I am with you on this. I don't think this is the time for the Federal Government to put an industry out of business on inconclusive evidence and, secondly, it is in the courts and unless they are repudiated in the courts—

Senator ERVIN. Just to reinstate myself with the medical profession, which I highly respect, I will say one of my great-grandfathers was a doctor, two of my great uncles were doctors, and one of my uncles by marriage was a doctor, and one of my brothers-in-law was a doctor, and one of my brothers and one of my nephews are doctors and I wish to add that everyone of them smoked.

Senator COTTON (presiding). Would you concede that pipe smoking is less harmful than cigarettes?

Senator ERVIN. I would say that a man that smokes a pipe is likely to be more contemplative than a person who smokes a cigarette, and I am in favor of people smoking both.

Senator COTTON. You couldn't hit so far from the mark.

Chairman HAYDEN. Senator, do you want to be heard? Go ahead.

## HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS

STATEMENT OF HON. B. EVERETT JORDAN, A U.S. SENATOR FROM  
THE STATE OF NORTH CAROLINA

## NATIONAL CLEARINGHOUSE FOR SMOKING AND HEALTH

Senator JORDAN. Mr. Chairman and gentlemen of the committee, I want to say that I am thoroughly in accord with everything my distinguished colleague from North Carolina just said and that a little bit later on in the day Senator Cooper also has asked to be heard on this same thing because he is vitally interested in tobacco too.

I have a little statement here I would like to read if you don't mind.

I am deeply concerned about the supplemental appropriations request of the Department of Health, Education, and Welfare for funds totaling \$1,920,000 for the purpose of financing the operation of a national clearinghouse for smoking and health.

I was not aware of this request until earlier today, and I sincerely feel that it is a matter of such serious nature that very careful consideration should be given before any such "clearinghouse" is established.

According to the request of the Department of Health, Education, and Welfare, the so-called clearinghouse would "conduct research and demonstration projects investigating various approaches to the problems of smoking, and to serve as a focal point for the development and distribution of health information and educational materials on the relationship of smoking to specific diseases."

## AUTHORIZATION OPPOSED

In my opinion it would be a gross mistake for the Congress to authorize the operation of such a clearinghouse at this time.

I say this because it would be most unwise for the Federal Government to establish a distribution office for the purpose of circulating propaganda on the evils of smoking when in fact we do not know the impact, if any, of smoking on health.

In other words, they haven't established the fact yet that there is anything wrong with smoking. I have smoked enough cigarettes to fill this room four or five times and I am still pretty healthy. I noticed my colleague over here who has a little age on him was smoking one a minute ago.

I strongly support now, as I have in the past, expanded research on a crash basis to determine in fact what effects, if any, smoking has on health. By the same token I strongly oppose circulating any "information and educational materials" on the question of smoking until we know what we are talking about.

In the past I have appeared before this committee and urgently requested crash programs of medical and agricultural research affecting both tobacco and health.



## FACTS NEEDED

We all agree that we need to know, and know immediately, the following:

(1) The substances in tobacco smoke, if any, which produce health hazards.

(2) How to remove these substances if any when they are identified.

Generally, we need to approach the problem along two major lines, through medical research and through agricultural research.

This committee has appropriated considerable funds in both of these areas, and only recently, at the request of Senator Ervin and me and other Senators, the Senate Appropriations Committee recommended, and the Senate concurred in, an appropriation of \$1 million above budget requests and current expenditures for tobacco research by the Department of Agriculture during the current fiscal year.

This extra million dollars will help us a great deal in beginning immediately an urgently needed crash program in our efforts to gain new knowledge about tobacco.

I personally feel that twice this amount of money could be wisely spent during this coming fiscal year in the field of basic research. I would strongly urge the committee to appropriate all of the funds it possibly can in its wisdom for basic medical and farm research on tobacco and smoking.

## INSISTENCE ON BASIC MEDICAL RESEARCH

I further urge the committee that if it finds it is wise to appropriate additional funds this year for the purpose of the Department of Health, Education, and Welfare to conduct studies in the field of smoking and health, that it will insist that these funds be spent on basic medical research rather than for the distribution of information which additional research may well prove to be erroneous or misleading, and I think a great deal of the information that has gone out now is erroneous and misleading.

All of us recognize that we have a grave problem in this entire area, but the problem facing us now is to gather more data rather than to distribute and circulate propaganda.

I respectfully urge the committee not to approve the appropriation for the purposes requested by the Department of Health, Education, and Welfare.

Thank you very much, gentlemen.

## ADVERTISING AGREEMENTS OF PRODUCERS

Senator ROBERTSON. Senator, would you be willing to supplement your statement by setting in the record the agreement among all the major producers of cigarettes about the type of advertising that they would agree to if approved by the Department of Justice and the Federal Trade Commission?

Senator JORDAN. I would, for the simple reason that they have voluntarily set up a czar over their whole industry to screen all of their advertising that they put out.

Senator ROBERTSON. I know, but the point I wanted to illustrate was that they have agreed to eliminate all of the objectionable type of ad-

vertising to which the Health Department and others have objected and the Federal Government won't let them do it because they have to waive the antitrust laws for all of them to agree to advertise on the same basis.

I think it would be pertinent to show in this record what they agreed to do, if the Government would let them do it.

Senator JORDAN. That is correct, and you stated it very wisely there, that they wanted to do that. As you well know, the cigarette manufacturers have spent and are spending millions and millions of dollars on research now.

Senator ROBERTSON. They don't want to kill anybody.

Senator JORDAN. Certainly not. They are trying to find out if there is anything in cigarettes that causes all the things that are being propagandized and they are just as anxious to find out if there is anything wrong with cigarettes as anybody else.

#### PROPOSAL OF FEDERAL TRADE COMMISSION

Senator ROBERTSON. And isn't it also a fact that in spite of this willingness of them to say that excessive use could be a hazard to health, they won't let them agree to that type of advertising, but the Federal Trade Commission wants to make them put on every package of cigarettes that the cigarettes in this package are dangerous to health.

Isn't that the language that they would require?

Senator ERVIN. That is substantially it. In other words, they want to make a man make an utterance on which a man has to make a judgment and which may not be true.

Senator ROBERTSON. You said, "May not be true." They have no legal ground in the courts and I say if the courts do their duty—they don't always, but if they do—they will throw that out. They have not established beyond any kind of a doubt that the cigarettes, if you use only two or three of them, are dangerous to health, but they want to say each individual cigarette is dangerous to health in this package.

#### FUNDS IN AGRICULTURE BILL

Senator YOUNG. Mr. Chairman, the two Senators from North Carolina together with other Senators from tobacco States were successful in getting, I believe, a million or a million and a half dollars in an agricultural appropriation bill—

Senator ERVIN. A million dollars.

Senator YOUNG (continuing). For tobacco research looking into this same problem.

Senator ERVIN. That is right.

Senator YOUNG. You feel that this is the kind of research that is far more than research.

Senator ERVIN. Absolutely. If the Government is going to have this money it would be better spent for research. It is sort of foolish to be spending money for research and then have another department of the Government say that the thing that they are going to research is bad and they ought to abstain from it.

I have heard a lot of people protest against brainwashing, but I just don't see why the Department of Health, Education, and Welfare

wants to sort of brainwash the people in the tobacco field unless somebody proves something, and so I say to the committee all we ask is that this be eliminated at this time and if they want to put this into their request at the next session of the Congress that they do so after those who are interested have an opportunity to speak through the people that are more expert in this field than Senator Jordan and myself, although I have studied it a great deal and so has he.

We both thank the committee.

Senator JORDAN. Thank you very much, gentlemen, for listening to us.

#### PREPARED STATEMENT

Chairman HAYDEN. At this point we shall place in the record a statement by Senator Robertson.

#### STATEMENT BY SENATOR A. WILLIS ROBERTSON ON FEDERAL TRADE COMMISSION TRADE REGULATION RULE FOR THE PREVENTION OF UNFAIR OR DECEPTIVE ADVERTISING AND LABELING OF CIGARETTES IN RELATION TO THE HEALTH HAZARDS OF SMOKING

Mr. President, on yesterday, the Chairman of the Federal Trade Commission, Mr. Paul Rand Dixon, told the House Interstate and Foreign Commerce Committee that his Commission had issued a regulation on June 22, which, effective next January, would make it illegal for the manufacturers of cigarettes to fail to disclose both on the containers in which cigarettes were sold and in all advertising, that cigarette smoking is dangerous to health and may cause death from cancer and other diseases.

It is, of course, not my purpose today to challenge the recent report of our Public Health Service that the excessive use of cigarettes will cause lung cancer and perhaps be a contributing factor to certain types of heart trouble. I agree, of course, with Hon. George Allen, president, Tobacco Institute, who says: "The people I know in the tobacco industry have a vital interest in the public health aspects of this question. First of all, they are human beings, with a natural interest in their own health and in the health of their fellow man. Second, they obviously want to find the answers to questions about their products."

In my opinion, on every whisky bottle, the skull and crossbones of poison could be more appropriately printed.

What disturbs me is that the Government that legalizes both the sale of whisky and of tobacco and derives much revenue from the tax on both—the tobacco tax exceeding \$3 billion per year—proposes to single out for slow strangulation and ultimate death, the tobacco industry, deliberately ignoring a new code of cigarette advertising calculated to meet all just complaints that the smoking of cigarettes was being promoted among those unable to comprehend the effects of excessive use of cigarettes.

Subject to approval by the Justice Department from the standpoint of the antitrust laws, all the major manufacturers of cigarettes have agreed to the following advertising code:

#### ARTICLE IV—ADVERTISING STANDARDS

SECTION 1. All cigarette advertising and promotional activities shall be subject to the following:

(a) Cigarette advertising shall not appear

(i) On television and radio programs, or in publications, directed primarily to persons under twenty-one years of age;

(ii) In spot announcements during any program break in, or during the program break immediately preceding or following, a television or radio program directed primarily to persons under twenty-one years of age;

(iii) In school, college, or university media (including athletic, theatrical and other programs);

(iv) In comic books, or comic supplements to newspapers.

(b) Sample cigarettes shall not be distributed to persons under twenty-one years of age.



(c) No sample cigarettes shall be distributed or promotional efforts conducted on school, college, or university campuses, or in their facilities, or in fraternity or sorority houses.

(d) Cigarette advertising shall not represent that cigarette smoking is essential to social prominence, distinction, success, or sexual attraction.

(e) Natural persons depicted as smokers in cigarette advertising shall be at least twenty-five years of age and shall not be dressed or otherwise made to appear to be less than twenty-five years of age. Fictitious persons so depicted in the form of drawings, sketches or any other manner shall appear to be at least twenty-five years of age in dress and otherwise.

(f) Cigarette advertising may use attractive, healthy looking models, or illustrations or drawings of persons who appear to be attractive and healthy, provided that there is no suggestion that their attractive appearance or good health is due to cigarette smoking.

(g) No cigarette advertising shall contain a picture or an illustration of a person smoking in an exaggerated manner.

(h) Cigarette advertising shall not depict as a smoker any person well known as being, or having been, an athlete.

(i) Cigarette advertising shall not depict as a smoker any person participating in, or obviously having just participated in, physical activity requiring stamina or athletic conditioning beyond that of normal recreation.

(j) Testimonials from athletes or celebrities in the entertainment world, or testimonials from other persons who, in the judgment of the Administrator, would have special appeal to the persons under twenty-one years of age, shall not be used in cigarette advertising.

SECTION 2. No cigarette advertising which makes a representation with respect to health shall be used unless:

(a) The Administrator shall have determined that such representation is significant in terms of health and is based on adequate relevant and valid scientific data; or

(b) If the Administrator shall have determined it to be appropriate a disclaimer as to significance in terms of health shall be set forth in such advertising in substance and form satisfactory to the Administrator; or

(c) The Administrator shall have determined that the representation with respect to health in such advertising is not material.

SECTION 3. The inclusion in cigarette advertising of reference to the presence or absence of a filter, or the description or depiction of a filter, shall not be deemed a representation with respect to health unless the advertising including such reference, description or depiction, shall be determined by the Administrator to constitute, through omission or inclusion, a representation with respect to health. If the Administrator shall have determined that such advertising constitutes a representation with respect to health, the provisions of Section 2 of this Article shall apply.

SECTION 4. No cigarette advertising shall be used which refers to the removal or the reduction of any ingredient in the mainstream smoke of a cigarette, except that it shall be permissible to make a representation as to the quantity of an ingredient present in the mainstream smoke or as to the removal in toto of an ingredient from the mainstream smoke, or as to the absence of an ingredient normally present in the mainstream smoke if:

(a) The Administrator shall have determined that such representation is significant in terms of health and is based on adequate relevant and valid scientific data; or

(b) A disclaimer as to significance in terms of health shall be set forth in such advertising in substance and form satisfactory to the Administrator; or

(c) The Administrator shall have determined that a disclaimer is unnecessary for the reason that the representation in such advertising has no health implication or that such implication is not material; and

(d) The quantity of such ingredient is determined and expressed in accordance with uniform standards adopted by the Administrator for measuring the quantity of the ingredient present in the mainstream smoke, provided that, until such uniform standard is so adopted, the quantity of such ingredient may be determined and expressed in accordance with any recognized scientifically valid method disclosed to the Administrator without any requirement of confidential treatment.

SECTION 5. Any advertising determined by the Administrator to be in conformity with the Code may include the following legend: "This advertising (label) conforms to the standards of the Cigarette Advertising Code.

The first money crop produced by the settlers of Virginia was tobacco. In fact, for a number of years, it was used as currency. At the present time, there are a number of Virginia counties, the only cash crop of which is tobacco. And, of course, the manufacture of cigarettes in Virginia is a major industry, exceeded perhaps only by the manufacture of cigarettes in Winston-Salem, N.C. All told, the tobacco industry produces products which at retail have an annual value of \$8 billion and that is exceeded by very few industries in the Nation.

If it is in the interest of public health to destroy that industry, I think the decision should be reached by the Congress of the United States and not by an independent agency. In the words of Hon. Virginius Dabney, distinguished editor of the Richmond Times-Dispatch: "There is no such law, any more than there is a law requiring producers of butter and eggs to disclose the health hazards allegedly inherent in the use of their products by consumers who may contract arteriosclerosis." Then, he quoted the Surgeon General as saying "That FDA should have authority to regulate advertising of cigarettes but, he wisely added, its power to do so would have to be spelled out by congressional legislation."

As so aptly said today at an open hearing of the House Interstate and Foreign Commerce Committee by Hon. Bowman Gray of North Carolina:

"It is wholly inappropriate for a decision of this magnitude to be made by the Federal Trade Commission, by any other Federal administrative agency, by any State, by any county, or by any city. I repeat that any action should be taken by the Congress and by no one else."

Mr. President, I am glad that both the regulation that has been issued by the Federal Trade Commission and the reasons for the action are going to be so well and fully advertised. On yesterday, Chairman Dixon stated that he would have an unlimited number of copies of his report printed and some of them he made available on yesterday. Without the appendix, the report covers 153 printed pages and the cost to the public will run into the thousands of dollars, depending on the number of copies printed. Supplementing that wide distribution of the report, the distinguished junior Senator from Oregon, Mrs. Neuberger, had it printed in the body of the Congressional Record, which means it will likewise go into the permanent edition of the Record and it filled 42 pages, which at a cost of \$90 per page will make an additional cost to the taxpayers for advertising this Bureau action of \$3,780.

Chairman HAYDEN. Senator Cooper.

## STATEMENT OF HON. JOHN SHERMAN COOPER, A U.S. SENATOR FROM THE STATE OF KENTUCKY

### CHRONIC DISEASES AND HEALTH OF AGED

Senator COOPER. I would like to turn back for a moment to that section of the proposed supplemental appropriation bill which refers to the request of the Department of Health, Education, and Welfare for an appropriation of \$1,920,000 entitled "for an additional amount for chronic diseases and health of the aged." I know that Senator Ervin and Senator Jordan of North Carolina came before the committee earlier this afternoon, and I wish to direct my testimony to the same item they discussed.

## NATIONAL CLEARINGHOUSE FOR SMOKING AND HEALTH

The justification statement in support of the item indicates that the Department of Health, Education, and Welfare is proposing that a "National Clearinghouse for Smoking and Health" be established within the Public Health Service, which would serve as a center "for the development and distribution of appropriate health information and education materials on the relationship of smoking to specific diseases and conditions and in providing expert health advice and guidance."

I would like to say at the outset that I favor research on this question of the relationship of smoking to health. I may say also that I have read fully and carefully the report to the Surgeon General entitled "Smoking and Health." I am not here to derogate that report in any way.

## ORIGINAL PLAN FOR STUDY

I would like to point out, however, that when the Advisory Committee to the Surgeon General was created to make the report on smoking and health, it was established that the work would be conducted in two stages. First there would be the report of the advisory committee's findings based on existing and previously reported research on smoking and health; then another committee or the same committee would make its recommendations as to how that report should be implemented. I think it has been clearly established that this was to be the procedure.

Private research, of course, is going on. Public research is also underway in this field. Just a few days ago, Mr. Chairman, your committee recommended and the Senate adopted an appropriation of \$1 million for research in the field of utilization of tobacco and to determine its connection with any health problems. I recall that it was stated during your hearings at that time that the Department of Health, Education, and Welfare was expected to ask for funds, in connection with the research into the utilization of tobacco, to undertake medical and clinical research.

## PRESENT REQUEST DIFFERENT FROM ORIGINAL

But the request just submitted is an entirely different thing. Before the additional medical research needed has been undertaken, the Department of Health, Education, and Welfare is coming to this committee—without any hearings or opportunity for testimony except that we are now having—and asking the Congress to appropriate \$1,920,000 for some new office or "national clearinghouse" to develop and distribute educational material about the relationship between smoking and health.



## PROPOSAL FROM FEDERAL TRADE

The Federal Trade Commission has already conducted an investigation, and has proposed that tobacco products be labeled, citing qualities which relate to health. I do not know what will finally be determined about that. But I do know that the tobacco manufacturers themselves have already adopted an advertising code, and product labeling is being considered.

As I said, I favor research. I come from a tobacco State and recognize that the question of the relationship between smoking and health is a serious problem. I think it is agreed that medical and clinical research and tobacco utilization research is urgently needed.

But it seems to me that this business of coming in and asking for money to inform and educate people about the relationship of smoking to health, before we have facts developed by the research underway and planned, and before the committee which was intended to recommend means to implement the findings of the Surgeon General has done its work, is not the proper way to proceed or to secure answers to this problem.

## HEARING NEEDED ON MATTER

I should think the beginning of the next year would be an appropriate time to hold a hearing—to receive the testimony of the Surgeon General, the views of members of the Advisory Committee on Smoking and Health, and of others who are deeply interested and concerned, providing the opportunity for them to come in and testify and make recommendations on this whole subject.

The proposal suddenly brought before the committee is a lefthanded way of going at the problem. I simply ask that before the committee acts on such a request that hearings be held so that the various proposals in this field may be considered together and in an orderly fashion.

Chairman HAYDEN. The Senators from North Carolina have testified in the same particular way.

Senator COOPER. Thank you, Senator.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

PUBLIC HEALTH SERVICE

CHRONIC DISEASES AND HEALTH OF THE AGED

STATEMENT OF DR. JAMES M. HUNDLEY, ASSISTANT SURGEON  
GENERAL FOR OPERATIONS, ACCOMPANIED BY JAMES F. KELLY,  
DEPARTMENT BUDGET OFFICER

CHRONIC DISEASES AND HEALTH OF THE AGED, PUBLIC HEALTH SERVICE

*Amounts available for obligation*

	Appropriation, 1964	Presently available, 1965	Revised estimate, 1965	Increase
Appropriation.....	\$55,654,000	\$53,743,000	\$55,663,000	\$1,920,000
Transfer to "Salaries and expenses, Office of the Surgeon General" (42 USC 226).....	-5,000	0	0	0
Proposed transfer from "National Heart Institute" due to Uniformed Services Pay Act of 1963.....	+252,000	0	0	0
Comparative transfer from "Salaries and expenses, Office of the Surgeon General".....	+49,000	0	0	0
Total available for obligation.....	55,950,000	53,743,000	55,663,000	1,920,000
Estimated unobligated balance.....	-36,000	0	0	0
Total obligations.....	55,914,000	53,743,000	55,663,000	1,920,000

## Obligations by activity

	Appropriation, 1964		Presently available, 1965		Revised estimate, 1965		Increase	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
1. Grants:								
(a) Research.....		\$2,020,000		\$1,811,000		\$1,811,000		0
(b) Formula grants to States:								
(1) Cancer.....		3,500,000		3,500,000		3,500,000		0
(2) Heart.....		7,000,000		7,000,000		7,000,000		0
(3) Other chronically ill and aged.....		13,000,000		11,750,000		11,750,000		0
(c) Project:								
(1) Cancer.....		4,850,000		5,273,000		5,273,000		0
(2) Neurological and sensory.....		2,950,000		3,450,000		3,450,000		0
(3) Other chronically ill and aged.....		7,000,000		7,000,000		7,000,000		0
(d) Training.....				100,000		100,000		0
(e) Mental retardation planning.....		2,200,000		0		0		0
2. Research, training, and technical services.....	876	13,394,000	899	13,859,000	929	15,779,000	30	\$1,920,000
(a) Cancer control.....	189	2,171,000	189	2,205,700	219	4,125,700	30	1,920,000
(b) Diabetes and arthritis control.....	75	1,139,400	79	1,197,900	79	1,197,900	0	0
(c) Heart disease control.....	399	5,556,200	399	5,651,400	399	5,651,400	0	0
(d) Neurological and sensory disease control.....	93	1,697,500	97	1,795,700	97	1,795,700	0	0
(e) Gerontology.....	30	916,000	39	1,001,700	39	1,001,700	0	0
(f) Nursing home services.....	30	517,800	36	585,600	36	585,600	0	0
(g) Care and preventive services.....	60	1,396,100	60	1,421,000	60	1,421,000	0	0
Total obligations.....	876	55,914,000	899	53,743,000	929	55,663,000	30	1,920,000

## Obligations by object

	Appropriation, 1964	Presently available, 1965	Revised estimate, 1965	Increase
Total number of permanent positions.....	876	899	929	30
Full-time equivalent of all other positions.....	54	54	55	1
Average number of all employees.....	827	853	872	19
Number of employees at end of year:				
Permanent positions.....	839	861	889	28
Other.....	92	92	107	15
11 Personnel compensation.....	\$6,542,600	\$6,897,900	\$7,072,900	\$175,000
12 Personnel benefits.....	928,300	958,600	977,600	19,000
21 Travel and transportation of persons.....	1,051,000	1,082,000	1,173,000	91,000
22 Transportation of things.....	108,000	115,000	130,000	15,000
23 Rent, communications, and utilities.....	188,000	198,000	252,000	54,000
24 Printing and reproduction.....	48,000	48,000	113,000	65,000
25 Other services.....	3,399,000	3,405,900	4,520,900	1,115,000
Services of other agencies.....	56,000	56,000	131,000	75,000
Payment to:				
"Bureau of State Services management fund".....	627,100	658,600	688,600	30,000
"National Institutes of Health management fund".....	30,000	30,000	30,000	0
26 Supplies and materials.....	201,000	209,000	464,000	255,000
31 Equipment.....	275,000	260,000	286,000	26,000
41 Grants, subsidies, and contributions.....	42,460,000	39,824,000	39,824,000	0
Total obligations by objects.....	55,914,000	53,743,000	55,663,000	1,920,000



*Summary of changes*

	Positions	Amount
Presently available, 1965.....	899	\$53,743,000
Revised estimate, 1965.....	929	55,663,000
Increase.....	+30	1,920,000
1. Research, training, and technical services.....	30	1,920,000
Net increase.....	30	1,920,000

## JUSTIFICATION

## GENERAL STATEMENT

When it is known that almost 600,000 persons die annually and over 4 million persons are disabled from diseases associated with smoking, it is imperative that the Public Health Service move immediately to implement the call for action, made by the Surgeon General's Advisory Committee on Smoking and Health.

It is proposed to establish a National Clearinghouse for Smoking and Health which will serve as the public health focus for the development and distribution of appropriate health information and education materials on the relationship of smoking to specific diseases and conditions and in providing expert health advice and guidance. It would also serve as the primary arm of the Surgeon General in the conduct of studies and demonstrations on specific health proposals on smoking and health and on health problems related to smoking. Specifically the principal functions of the clearinghouse would consist of:

1. Gathering and bringing together in one location all of the available material on the subject of smoking and health and communicating and distributing such information on both a routine and special request basis.

2. Conducting a constant review and appraisal of current and proposed research and study on health problems related to smoking and maintaining the currency of the archives of the Committee on Smoking and Health.

3. Providing expert staff and competency and consultation on all health matters related to smoking and health, to other Federal agencies, to State and local health agencies and to voluntary and professional organizations.

4. Working closely with interested voluntary organizations, public and non-public health agencies on the development and implementation of new programs for the control of chronic diseases and conditions causally related to smoking.

5. Conducting appropriate and urgently needed studies of primary prevention, i.e., how to influence individuals to refrain from initiation of the smoking habit.

6. Conducting appropriate studies of secondary prevention, i.e., how to bring about discontinuation of smoking among smokers.

7. Conducting State and community demonstrations of appropriate primary and secondary prevention programs.

8. Conducting behavioral and attitude surveys of smokers and nonsmokers.

9. Developing appropriate prevention, control, and rehabilitation techniques and measures for the control of diseases and conditions in which smoking has a significant relationship and for which no control programs now exist.

## CLEARINGHOUSE ACTIVITIES

A clearinghouse activity will be established to serve as a central source of both current and historical information relating to smoking and health. Data on international and national programs in this field will be amassed and organized in such a manner as to provide the basis for compiling both recurring reports such as newsletters and news summaries as well as special reports and compilations. Such information in ready reference form should be of great assistance in planning, developing, and revising health and voluntary agency programs in this field.

## FACTFINDING

In 1964, the division contracted for a survey of public attitudes and behavior toward smoking. This survey will establish baseline information on many aspects of smoking. These data will provide means of measuring change found

by the simple repetitive checks of the national health survey. They will provide initial measures of the far more complex psychological and social attitudes of many segments of the population.

Designed primarily to serve health control and research programs, this survey also holds interest for many others. Representatives of the U.S. Department of Agriculture and the Tobacco Institute have reviewed the survey plan, and inquiries about it are being received daily. For the Public Health Service, the survey is expected to sharpen the aim of control programs. It will identify subgroups of the population with the major factors that influence their attitudes and practices toward smoking, and offer leads to ways in which they can change their attitudes.

#### PUBLIC AND PROFESSIONAL EDUCATION

A good deal is known about forms of educational effort that has been applied to other health problems. Almost nothing is known about their transferability to the hazards of smoking. A principal focus of activities will be on educating and informing the public and the health professions on the hazards of cigarette smoking as they relate to various chronic diseases and conditions. Public and professional education activities will receive heavy emphasis during the initial year of operation.

Studies and trials of professional education for physicians and dentists, teachers, nurses, and public health personnel will form a major segment of the program. They will be conducted largely through contracts with selected public health agencies, medical schools, schools of education, and other agencies. Studies will be aimed at determining the influences exercised by these professional workers on the people in their charge.

Close liaison and consultation with official and voluntary agencies to stimulate and develop programs complementary to the Public Health Service effort is already developing and will be maintained. An interagency Council on Smoking and Health has been formed with representation from interested Government agencies and leading health professional organizations such as the American Cancer Society, American Heart Association, and National Tuberculosis Association. This Council is expected to provide expert guidance and assistance in developing an effective program and in conserving resources. Of immediate concern and highest priority are materials for use in high schools, colleges, and with other youth groups which will make use of knowledge currently available in the Surgeon General's Report on Smoking and Health.

#### PRIMARY PREVENTION

For many years chronic disease experts have searched for an appropriate method for the prevention of those diseases with the highest death and disability rates such as heart disease, chronic bronchitis, cancer, and others. Evidence now available supports the proposal that if people did not smoke or even if they smoked less their chances of developing these several diseases would be materially lessened.

Working with school age children, the first goal will be to develop ways of preventing them from becoming cigarette smokers. Experiments are being planned in cooperation with public school groups, local health agencies, and parental and civic organizations. It is planned to initiate contractual public school projects in communities of different social and economic structures during the year.

It is planned also to develop two community laboratories in which public education and communication of all kinds will be brought to bear on the control of cigarette smoking. The communities will be selected for moderately large size, heavy dependence upon local media for mass communication, and distance from other large cities, as well as for willingness of their local organizations to lead and participate in the trials. The programs will include school projects, adult educational programs, and civic and health organization efforts. We would further propose to conduct State and community demonstrations and evaluation of new and improved methods for "stopping people from starting" to smoke. These demonstrations would be directed to younger age groups. Since the release of the Surgeon General's report we have had numerous requests for assistance from States and communities for carrying out these activities.

#### SECONDARY PREVENTION

Current evidence presented in the report on smoking and health strongly supports the theory that many of those smokers who discontinue smoking are reduc-

ing their chance of developing such diseases as cancer, heart disease, ulcer, and chronic respiratory disease.

It is proposed therefore to conduct evaluation studies of known methods to bring about discontinuance of smoking. At the same time, demonstrations and studies to effect the most practical and productive new methods to bring about discontinuance of smoking will be carried out. Adult education projects of several kinds will also be developed, employing such basic plans as group self-education by volunteers, aimed at learning how to assist people who want to change their smoking habits and who feel a need for help. There will also be projects designed to learn how existing civic and social clubs can effectively incorporate education on smoking and health into their regular programs. The results of all studies and demonstrations will be immediately evaluated and made available to the public and to the health profession.

Suggested demonstrations and studies and requests for support received since the release of the Committee report far exceed the amount of funds requested during the initial year of operation, a factor which will enable us to be selective in supporting only the very best proposals.

An initial budget of \$1,920,000 and 30 positions is requested for the first year of operation of the clearinghouse. Seven positions and \$90,000 of existing resources will be shifted from ongoing activities related to smoking and health to the clearinghouse, making a total program of 37 positions and \$2,010,000. Six public health workers will be assigned to regional offices to serve as focal points for smoking and health program development and consultation. The headquarters staff will be organized into functional operating units made up of public and professional education and technical information, primary prevention, and secondary prevention. These units will be geared to providing much of the technical assistance and guidance that has been requested by State and local health departments, school officials, voluntary agencies, and nonprofit organizations who share our concern about this health problem. It is estimated that program support will be distributed equally among public and professional education, primary prevention, and secondary prevention. Approximately 45 contracts are planned, ranging in size from \$15,000 for adult education projects to \$100,000 for a community laboratory.

The budget estimate will enable the Public Health Service to mount an effective public health program taking full advantage of the favorable climate created for such a program by the Surgeon General's Advisory Committee Report on Smoking and Health. These funds are urgently needed for carrying out the purposes previously described.

*New positions requested*

Research, training, and technical services	Grade	Annual salary
<b>Headquarters:</b>		
Information specialist.....	GS-14.....	\$13,624
Public health program specialist.....	GS-14.....	13,624
Statistician (2).....	GS-14.....	27,248
Statistician.....	GS-12.....	9,984
Information specialist.....	GS-11.....	8,424
Public health program specialist.....	GS-9.....	7,030
Administrative assistant.....	GS-7.....	5,803
Clerical assistant (2).....	GS-6.....	10,484
Statistician.....	GS-6.....	5,242
Clerical assistant (4).....	GS-5.....	18,804
Clerical assistant (3).....	GS-4.....	12,666
Commissioned officers:		
Director grade (2).....		30,600
Senior grade (4).....		36,480
Subtotal, headquarters (24).....		200,013
<b>Field:</b>		
Public health program specialist (4).....	GS-13.....	46,924
Commissioned officers, senior grade (2).....		18,840
Subtotal, field (6).....		65,764
Total, new positions (30).....		265,777
Deduct lapses.....		106,777
Net permanent.....		159,000



## PREPARED STATEMENT

Chairman HAYDEN. We will now hear the Department witnesses here on this same item.

Mr. KELLY. Dr. Hundley.

Dr. HUNDLEY. Mr. Chairman, I am Dr. James M. Hundley, Assistant Surgeon General for Operations in the Public Health Service. I have some prepared testimony in support of our supplementary budget request which I think in the light of what has just transpired perhaps need not be read and I will insert it in the record.

Chairman HAYDEN. That may be included in the record and you may highlight it.

(The statement referred to follows:)

STATEMENT BY ASSISTANT SURGEON GENERAL FOR OPERATIONS, PUBLIC HEALTH SERVICE, ON SUPPLEMENTAL ESTIMATE FOR CHRONIC DISEASES AND HEALTH OF THE AGED, PUBLIC HEALTH SERVICE

Mr. Chairman and members of the committee, the supplemental budget request before you is the Public Health Service answer to the call for action put forth by the Surgeon General's Advisory Committee on Smoking and Health in January of this year when they said "Cigarette smoking is a health hazard of sufficient importance in the United States to warrant appropriate remedial action."

We particularly welcome the challenge and opportunity of the program we are proposing. For years chronic disease researchers and experts have searched in vain for appropriate methods for preventing those diseases with the highest death and disability rates, such as cancer, heart disease, chronic bronchitis, and others. Now, the Advisory Committee report removes all doubts about the health hazards associated with cigarette smoking in the minds of the majority of medical and health authorities. The Public Health Service and the Department of Health, Education, and Welfare have accepted and strongly approve the Committee report as a mandate for action.

Our proposal calls for establishing a national clearinghouse on smoking and health which will coordinate all efforts relating to factfinding, primary and secondary prevention and control, public and professional education, and will serve as a central source of information. The archives of the Smoking and Health Committee are the most comprehensive collection of information and statistics in the world on the health aspects of smoking. This collection of data is being maintained and will be kept current to both aid us in directing and planning our own programs as well as in advising and assisting other interested agencies and organizations.

Public and professional education activities will include studies and trials of professional education for physicians, dentists, teachers, nurses, and public health personnel. Additional studies will be aimed at determining the influences exercised by these professional workers on the people whom they serve. A survey of public attitudes and behavior toward smoking is now underway. The results of this study will assist professionals in understanding and helping people change their smoking habits. Of immediate concern and highest priority are materials for use in working with youth groups which will make use of knowledge currently available in the Committee report.

Certainly the relationships established in the Committee report between smoking and mortality from specific diseases and the overall death rate requires our best efforts in applying preventive measures for discouraging people, especially youngsters, from starting to smoke, and assisting those persons who wish to stop smoking but find it impossible to do so without help. The Committee report also pointed up the need for control and rehabilitation efforts in the areas of chronic bronchitis and pulmonary emphysema, where the influence of smoking is less clear but where the risk of dying is greater for smokers than non-smokers.

We are utilizing the results of the Committee report in our current programing, but without additional funds we will not be able to make any effective, concentrated effort. Suggested demonstrations, studies, and requests for support since the release of the Committee report indicates to us the tremendous amount of interest in the program we are proposing. Since we could not anticipate what

the conclusions of the Committee report would be nor its impact on the public prior to finalizing our 1965 budget, we are requesting \$1,920,000 in supplemental funds.

Mr. Chairman, in our efforts to assist the youngsters we intend to utilize to the fullest extent possible the resources available in the Children's Bureau. Their relationship with State committees and State and local agencies will be invaluable in planning, for example, conferences of youth participants to highlight and appraise the issues of smoking from the viewpoint of youth. Miss Mary Blake, Assistant to the Chief of the Children's Bureau, is here and will answer the questions you may have in this area. I will be glad to answer any questions you may have in regard to the total budget request.

## USE OF FUNDS REQUESTED

Dr. HUNDLEY. I would like first, sir, to correct the misconceptions that I have just heard about what we are proposing to do with the appropriation that was requested. I assure you that we have no intention whatsoever of using that money to propagandize against the tobacco industry.

Senator ROBERTSON. May I interrupt you?

Dr. HUNDLEY. Yes.

Senator ROBERTSON. Wasn't it your office that demanded the Federal Trade Commission put the label poison on every package of cigarettes because you thought it was poison, and if you did that to the Federal Trade Commission, how do we know you wouldn't use this money in the same way?

Dr. HUNDLEY. We do not control the Federal Trade Commission in any way.

Senator ROBERTSON. They claim that on your advice and request they were doing this.

Dr. HUNDLEY. That is not true.

Senator ROBERTSON. The Surgeon General didn't say that cigarettes were dangerous?

Dr. HUNDLEY. Yes; indeed he did.

Senator ROBERTSON. He did.

Dr. HUNDLEY. Yes, indeed.

Senator ROBERTSON. Didn't he tell the Federal Trade Commission that they were dangerous?

Dr. HUNDLEY. Yes, sir.

Senator ROBERTSON. Didn't they rely on him when they put this order out?

Dr. HUNDLEY. Yes, sir.

Senator ROBERTSON. All right. So there was a connection between the two. That is the reason we are so uneasy about what you are going to do next with this money. Go ahead. That is the way you feel about it.

## DISSEMINATION OF FACTS

Dr. HUNDLEY. We do not propagandize for or against any industry. What we wish to do with these funds is to make the health facts, the facts with respect to the health hazards of smoking, available to the people. We believe that whether a person smokes or does not smoke is an individual decision that each person has to make for himself. We say only that when he makes that decision he must have the facts before him.

If he elects one form of smoking or another form of smoking he should know that there are different degrees of hazard associated with different forms of tobacco usage. He should know that if he smokes heavily there is one kind of hazard.

If he smokes lightly there may be no hazard or a very light hazard. We certainly have no intention of propagandizing against an industry.

On the contrary, we would submit that what we intend to do will actually be helpful in perpetuating an industry and in perpetuating the income of the tobacco farmer by making smoking safer.

We have no idea that we are suddenly going to eliminate cigarette smoking in this country. This is perfectly ridiculous. We doubt if we even change the habits of the American people very quickly. We know that this kind of thing takes a long period of time. If we can make cigarette smoking safer I respectfully submit that we are not destroying an industry, but we are helping an industry to perpetuate itself.

#### ATTITUDE OF TOBACCO INDUSTRY

Further, I submit that the tobacco industry itself has tacitly recognized that there is a hazard here and there is something wrong. Otherwise, why would they have promulgated and adopted the voluntary code that was referred to earlier?

Also, I must challenge the statement that the Surgeon General's Advisory Committee report has been invalidated; this is just not so. It is subscribed to and its validity is accepted by the overwhelming majority of physicians and other scientists who have some basis on which they can judge the evidence on which the report is based.

The existence and nature of a health hazard demanding action, for example, has been reaffirmed by the American Medical Association within the past several months. It has resolutions to this effect which have been taken by 15 or 20 medical societies. The American Cancer Society, the American Heart Association, every responsible health organization in this country has accepted this report and we submit that the existence of a health hazard and a health hazard that requires action has been established.

#### OTHER HEALTH HAZARDS

Senator ROBERTSON. Let's assume that it is a health hazard. I think a man can really endanger himself by just eating too much hot rolls and things of that kind that we like to produce in the South, but if it is a hazard which do you think is the greater hazard to health of the Nation: cigarettes or liquor?

Dr. HUNDLEY. Cigarettes.

Senator ROBERTSON. Cigarettes?

Dr. HUNDLEY. Cigarettes.

Senator ROBERTSON. You don't mind the liquor?

Dr. HUNDLEY. I didn't say that.

Senator ROBERTSON. You are not concerned about juvenile delinquency and liquor? You are not worried about skid row? You are not worried about a tremendous increase in alcoholics? It is the cigarettes that get you all upset.

Dr. HUNDLEY. I think the record will speak for itself, sir, that we are interested and concerned about alcoholism as well.



Senator ROBERTSON. I can picture the kind of advertising you are going to conduct with this money.

Senator ELLENDER. Mr. Chairman, may I ask a question?

Chairman HAYDEN. Yes.

#### PROVISION OF FUNDS BY OTHER AGENCIES

Senator ELLENDER. The Committee on Agriculture and Forestry provided \$1 million for research in this field.

Dr. HUNDLEY. Yes, sir.

Senator ELLENDER. How will your proposal conflict with that? It is along the same lines?

Dr. HUNDLEY. No, sir, not at all. They are totally separate things. The million dollars to which you refer is for research on tobacco to get safer forms of tobacco that can be made into cigarettes. We are interested and have set up a cooperative relationship with Agriculture with respect to our own research so that there will not be any conflict or any overlapping here whatsoever, but the request before you, sir, does not include anything for research on tobacco as such.

#### CONCERN WITH HEALTH EDUCATIONS

It is concerned with health education, if you will, of making the health facts available to the American people. The only research that is contemplated is research as to why people smoke or why they don't smoke—how can you motivate people not to smoke to begin with, or to get an established smoker to stop smoking—how can you take a patient that has had a coronary and really needs to stop smoking and help him to stop smoking.

Senator ELLENDER. Don't you think, though, that it would be better to investigate to try to free tobacco, if it is possible, of all residues.

Dr. HUNDLEY. Yes, sir. The Surgeon General has already testified in support of that appropriation.

Senator ELLENDER. Why can't we wait at least before going into the matter that you are now talking about and have them quit all together the use of tobacco? I don't smoke nor do I chew and we don't grow any in my State, but I believe that you would be doing violence to a great industry overnight.

Dr. HUNDLEY. We are flattered if you believe we could do that, sir.

Senator ELLENDER. You have already done it to a certain extent. I am just wondering whether or not we are putting the cart before the horse. Why don't we spend this money, and additional money if necessary, in order to try and find ways and means of growing tobacco that won't be harmful to the health of the people?

Dr. HUNDLEY. We are all for this, sir. Our only fear is that one could adopt this idea of let's wait for more research forever. In effect this is what we have been doing for the last 10 years.

In the meantime we are getting more and more lung cancer and we are getting more and more coronary heart disease and more and more bronchitis. They are going up and up and up. We maintain, sir, that our knowledge is sufficient and sufficiently secure that we can and must take action right now.

We would not be before you, sir, if we did not feel that we would be derelict in our responsibility to the people of this Nation if we did not propose to mount this program and make these facts available to the American people.

#### SUFFICIENCY OF PRESENT STUDIES

Senator ELLENDER. Are you saying to us that a sufficient study has been made now to discourage the use of tobacco?

Dr. HUNDLEY. Yes, sir. We know if you stop cigarette smoking that you have measurably benefited your health. This is a fact.

This doesn't need any more research. We know if you smoke two packs of cigarettes a day versus those who smoke one pack of cigarettes a day, the hazard to your health is immeasurably greater. This is a fact. Nobody disputes this.

Senator ELLENDER. Whom did you use as guinea pigs?

Dr. HUNDLEY. People.

Senator ELLENDER. But were you able to trace it solely to tobacco?

Dr. HUNDLEY. The effect that I am talking about; yes, sir. There are many things that affect health.

Senator ELLENDER. When was that done?

#### COVERAGE OF STUDIES

Dr. HUNDLEY. Principally these studies have been done since 1954.

Senator ELLENDER. In hospitals?

Dr. HUNDLEY. They have been done in hospitals; they have been done in population groups, just living out in a community, as we all live. There are some one million and a half people that have been involved in these studies that established these facts to which I refer.

Senator ELLENDER. How many cases have you pursued that indicated that death was due solely to smoking or use of tobacco? It strikes me that would be the test.

Dr. HUNDLEY. I would have to look up the figures, sir. I would say that in the studies to which I just referred there are perhaps 15,000 or 20,000 deaths. The total population was something like a million and a half people in the study and the total number of deaths would be in the neighborhood of 30,000.

Senator ELLENDER. And that was traceable solely to tobacco.

Dr. HUNDLEY. Oh, no. These were the deaths that occurred in the group in which you could study the lung cancer, the coronary heart diseases, in relationship to smoking and so on.

Senator ELLENDER. And was it the conclusion of those who made the study that the deaths occurred solely because of the use of tobacco?

Dr. HUNDLEY. No. We would not say that a death was solely due to anything any time. All the committee concluded, Mr. Senator, was that cigarette smoking is the principal cause, if you will. There are other causes.

#### OTHER STUDIES

Senator ELLENDER. Are you conducting studies of any other items, such as alcohol, to which Senator Robertson referred.

Dr. HUNDLEY. Yes, sir.

Senator ELLENDER. Have you come to any conclusion yet on that?

Dr. HUNDLEY. We are not nearly as far along. Our evidence is not nearly as conclusive or complete. We are much more in the beginning phases of this.

Senator ROBERTSON. There are plenty of witnesses if you want to call them.

## FUNDS FOR CHRONIC DISEASE AND HEALTH OF AGED

Senator COTTON. Doctor, as a member of the subcommittee that works on this, I just want to get one thing straight in my mind. Is this entire amount which you are asking for to be used on tobacco research?

Dr. HUNDLEY. No, sir.

Senator COTTON. It is cataloged as simply chronic diseases and health of the aged.

Dr. HUNDLEY. That is the appropriation item in which it happens to fall, sir.

Senator COTTON. All the conversation here has been about a tobacco study. I got the impression this was all going to be used for the study of tobacco in connection with lung cancer.

Dr. HUNDLEY. No. There are three things, sir, if I may very briefly touch on them, that we plan to do under this requested appropriation.

One is we intend to collect, compile, analyze, and disseminate the facts about smoking and health.

Senator COTTON. That is one. That is tobacco. What is the next one?

Dr. HUNDLEY. Secondly, we acknowledge that in many areas our facts about smoking are not as sufficient as they should be, primarily in the realm of why people smoke or don't smoke.

Senator COTTON. What is the third one?

Dr. HUNDLEY. The third one is demonstration.

Senator COTTON. Wait a minute.

Mr. KELLY. They all relate to tobacco.

Senator COTTON. I don't understand your statement. You said this was going to be used for three different things.

Dr. HUNDLEY. That is right.

Senator COTTON. I asked was this full amount that you are asking for to be used in connection with tobacco research and you said, no, it covered other things.

Dr. HUNDLEY. It does. You say research, sir.

## ALL STUDIES ON TOBACCO

Senator COTTON. Well, I am sorry. When you talk to a scientist you can't use ordinary language. What I want to know is does all that you are asking for have to do with tobacco?

Dr. HUNDLEY. Yes, sir.

Senator COTTON. That is a layman's question and seems clear.

Dr. HUNDLEY. Yes, sir. The answer is "Yes."

Senator COTTON. And that is all you are going to do?

Dr. HUNDLEY. Yes, sir.

Senator COTTON. And it is all going to be administered by the section of your Department having to do with cancer control?

Dr. HUNDLEY. No, sir.

Senator COTTON. All right. It is going to be spread over various bureaus?



## STUDIES IN CHILDREN'S BUREAU

Dr. HUNDLEY. Yes and no. A very small part is for the Children's Bureau, which is not a part of the Public Health Service.

Senator COTTON. You mean the children smoke?

Dr. HUNDLEY. Yes, indeed, there are children who smoke.

Senator COTTON. What do you refer to as a child?

Dr. HUNDLEY. A fourth grader.

Senator COTTON. I guess I am old and innocent. All right. Go ahead.

Dr. HUNDLEY. Some of this would be for the Children's Bureau. The remainder would be expended by the Division of Chronic Diseases in the Public Health Service.

## PERSONNEL REQUEST

Senator COTTON. How many new positions do you intend to put on if this appropriation is given to you?

Dr. HUNDLEY. Thirty.

Senator COTTON. Thirty new positions?

Dr. HUNDLEY. Yes, sir.

Senator COTTON. At a cost of how much?

Dr. HUNDLEY. About \$300,000, sir. I can give you the specifics if you wish.

Senator COTTON. About \$300,000 a year?

Dr. HUNDLEY. \$359,000 per year, yes, sir.

## PRESENT POSITIONS

Senator COTTON. Again I don't want to get involved in a technicality. Let's say positions rather than people. How many positions do you have now devoted to all activities, research, experimentation, anything else, related to the Government's connection with the smoking habit?

Dr. HUNDLEY. We have no funds nor do we have any positions that are specifically for smoking and nothing else, sir.

Senator COTTON. Who has been doing all this research since 1954 that you told us about?

Dr. HUNDLEY. Some of us, and others totally independent of the Public Health Service, sir. Some of it has been done in other countries. Some of it has been done by the American Cancer Society. We ourselves have done some also.

Senator COTTON. We have had governmental employees work in connection with a study of the effects of smoking, haven't we?

Dr. HUNDLEY. We have many employees, sir, who as a part of their activity one time or another have been concerned with this.

Senator COTTON. But there hasn't been any particular bureau or office, or branch, or agency?

Dr. HUNDLEY. No.

Senator COTTON. Is this to create one?

Dr. HUNDLEY. This is; yes, sir.

## RESEARCH ON REPORT

Senator COTTON. Who was behind all the research that resulted in the report to the President of the United States on the tobacco habit and its effects?

Dr. HUNDLEY. It has come from many places, sir. Some of it has come from the Public Health Service.

Senator COTTON. Who gathered it together?

Dr. HUNDLEY. The Surgeon General's Advisory Committee on Smoking and Health.

Senator COTTON. He has no connection with your organization?

Dr. HUNDLEY. Yes, sir; the Surgeon General is the head of the Public Health Service.

Senator COTTON. Then fundamentally it was the head of your service that correlated, coordinated, gathered and presented this information?

Dr. HUNDLEY. It was the Advisory Committee, sir, although we stand fully behind it.

Senator COTTON. Did they work for nothing?

Dr. HUNDLEY. No, sir; they were paid consultant fees.

Senator COTTON. Consultant fees from your Department?

Dr. HUNDLEY. That is right. These were non-Federal scientists, sir.

## QUESTION OF EXPENDITURES ON PROGRAM

Senator COTTON. What do you mean they are non-Federal? I don't care whether they were paid regularly or as consultants. I am trying to find out, if it is possible to find out, what we have been spending in this particular field, and how much more you are asking for? How can we judge what you need if we don't have some idea of what is already being spent under regular appropriations?

Dr. HUNDLEY. That is a perfectly proper question, sir. I will try to respond to it.

Senator COTTON. Thank you.

Dr. HUNDLEY. At the beginning of the study that led to the Advisory Committee's report we were spending in the Public Health Service approximately \$2.1 million annually. Of that, all of it was for research, except for about \$25,000 or \$30,000 that was for what we call professional education, educating doctors, and nurses, and dentists, and this sort of thing about the health facts.

About a year and a half or 2 years later, which could be about right now, we are at a level of approximately \$3½ million. Again most of that is for research. I don't have a figure right at hand as to how much of it would be for education or things related to education, but perhaps \$300,000 or \$400,000 would be about it.

Senator COTTON. \$300,000 or \$400,000?

Dr. HUNDLEY. Yes, sir.

Senator COTTON. Are you now making an estimate of all the Federal money used either to pay regular employees, full-time, part-time, or others on a consulting basis, and all expenses and supplies and everything incidental to the Government's study of smoking?

## PARTICIPATION OF DEPARTMENT OF AGRICULTURE

Dr. HUNDLEY. Well, in addition to this the Department of Agriculture supports some work. I have no figures on this.

Senator COTTON. Then this is spread through many departments?

Dr. HUNDLEY. No; I don't know of any, except the Public Health Service, the Department of Agriculture, the tobacco industry itself and their own research activity, and that which they supported through the tobacco industry's research committee.

Senator COTTON. I am only interested in what the taxpayers are paying for. What the tobacco industry is paying is their own business, but you can only give me a generalization. I am not blaming you because I have been sitting on this committee for some years and the House committee before then and I know how hard it is to follow through to find how many departments, how many bureaus, and how many employees and how many consultants are engaged in anything, but you can only estimate by saying \$300,000 or \$400,000?

Dr. HUNDLEY. I could compile the figure precisely, sir. I just don't have it at hand.

## ANNUAL EXPENDITURE

Senator COTTON. But you have been spending in your Department annually how much you said?

Dr. HUNDLEY. \$3½ million.

Senator COTTON. \$3½ million.

Dr. HUNDLEY. Yes, sir.

Senator COTTON. Outside of your Department this \$300,000 or \$400,000 you are talking about has been spent.

Dr. HUNDLEY. No; that was a part of that \$3½ million. Outside of our Department it would be Agriculture, and I simply don't know Agriculture's expenditure rate, although it has been reported to the Congress quite recently.

Senator COTTON. And you are asking now for this practically \$2 million in addition to the \$3½ million?

Dr. HUNDLEY. That is correct, sir.

Senator COTTON. To cover what period?

Dr. HUNDLEY. It would be for this fiscal year, sir.

Senator COTTON. To finish up this fiscal year?

Dr. HUNDLEY. That is correct.

Senator COTTON. Have you overspent yourselves to the point that this is obligated?

Dr. HUNDLEY. No; none of it is obligated.

Mr. KELLY. We have no authority to expend these funds until they are appropriated.

Dr. HUNDLEY. The only obligation we think we have is a moral obligation to do what these funds will permit us to do.

Senator COTTON. And you are now talking about fiscal 1965.

Dr. HUNDLEY. That is correct.

## FISCAL 1964 EXPENDITURES

Senator COTTON. And in fiscal 1964 you spent, you say, \$2 million.

Dr. HUNDLEY. No; in fiscal 1964 I would estimate it a little under \$3½ million.

Senator COTTON. And in the regular bill——



Dr. HUNDLEY. There is nothing specific for this purpose.

Senator COTTON. There is nothing specific?

Dr. HUNDLEY. No. We could not provide for it, sir, because that budget was prepared long before the Advisory Committee's report was in hand.

Senator COTTON. You mean there was nothing in our regular bill at all to take care of continued tobacco research?

Dr. HUNDLEY. Nothing labeled for this purpose, sir.

Senator COTTON. That is an interesting word, nothing "labeled."

Mr. KELLY. It would support the continuation of what is being done, and perhaps we could draw some distinction this way: That most of the \$3 million is represented in funds that have been expended by the National Cancer Institute and the National Heart Institute for epidemiological research studies. The results of these studies together with the studies that were made outside of the Public Health Service culminated in the report of the Advisory Committee to the Surgeon General, and as a result of those findings it is now planned that the Bureau of State Services of the Public Service, the portion of the Public Health Service that, rather than conducting research, takes the results of research and brings them to States, local public health organizations, the medical profession and the public, will be responsible for the collection and dissemination of data. In this particular organization we are only spending about \$90,000 a year and this is to create an organizational entity for the purposes that Dr. Hundley outlined.

#### EXPENDITURES ON TOBACCO STUDIES

Senator COTTON. The doctor has testified that you have been spending at about the rate of \$31½ million a year on these activities in the Health Department.

Dr. HUNDLEY. No, sir; not on those activities.

Senator COTTON. On tobacco.

Dr. HUNDLEY. On tobacco; yes.

Senator COTTON. And in the regular bill which has just been considered by the subcommittee of which I am a member, and will be reported to the full committee I assume Monday, you say that provided in there somewhere is enough money to continue this along the same scale, which is \$31½ million for 1965.

Dr. HUNDLEY. Yes, sir.

Senator COTTON. And in what part of the bill is it contained?

Dr. HUNDLEY. It would be principally in the budget of the National Cancer Institute and budget of the National Heart Institute. There would be small amounts scattered in other places, but I would say that 97 percent of it would be in those two places.

Senator COTTON. If the committee should give you your regular request for 1965 there will be \$31½ million and this means \$2 million more roughly.

Dr. HUNDLEY. If you give us the funds requested in the regular budget now before you we would not be able to do any of what is in this supplementary request. We cannot take funds, sir, from the National Cancer Institute and transfer it to another part of the Public Health Service and use it for that purpose.

## TOTAL REQUEST

Senator COTTON. I don't think you understood my question. I said if we give you in the regular bill what you have asked for you would have \$3½ million for fiscal 1965 and this \$1,920,000 would be in addition to those funds as regards the work concerning the tobacco habit?

Dr. HUNDLEY. Yes, sir.

Senator COTTON. All right. I guess I have it straight. Thank you. I didn't mean to be so firm in my questions, but I just don't think I was getting through what I wanted to find out. It wasn't about the tobacco habit. It was about this money that we are spending.

Dr. HUNDLEY. I might make just two points if the committee would permit me to. One is that we have not until recently, until the Advisory Committee's report came out, attempted to do the kinds of things that we are proposing to do under these funds, because we were convinced that the American people, the American physicians, and the American scientists were not sufficiently convinced of the health hazard that they would support it and make it effective.

We are convinced that they are now and that we must do these things.

## COMMITTEE MEMBERS

Secondly, I wanted to make the point that I think this committee probably doesn't understand with respect to the Advisory Committee that made the report that has led to all of these things. They were nongovernmental people. They came from universities, the scientific world outside of government.

But the point I think that you want to keep in mind is that these people were selected in conjunction with the tobacco industry as well as all other major health organizations, and if anybody, including the tobacco industry, objected to any proposed member that member was not appointed. In other words, the tobacco industry recognized the competence and impartiality of the people who made this study.

## TOTAL POSITIONS AND COST

Senator COTTON. It is in the record I guess, but how many new positions will this be?

Dr. HUNDLEY. Thirty.

Senator COTTON. And at a cost of?

Dr. HUNDLEY. About \$350,000.

Senator COTTON. And it is impossible for us to know who many positions are now devoted to any of the activities relating to the tobacco habit.

Dr. HUNDLEY. As an approximation I would say that we have perhaps 10 people who spend some part of their time on this sort of business.

Mr. KELLY. I think we should make it clear, Senator Cotton, that the \$3½ million is primarily spent for the purpose of supporting research grants at colleges and universities and not in the conduct of direct activities in our own organization.

Senator COTTON. Thank you.

Senator McCLELLAN. Mr. Chairman, may I ask a question?

Chairman HAYDEN. Certainly.

## CLARIFICATION OF STATEMENT

Senator McCLELLAN. You probably covered all this before I came in, so just make it brief. I am not trying to cover the same ground. What do you mean here by investigating various approaches to the problems of smoking? What do you mean by approaches to the problems of smoking?

If you want to smoke you have no problem. You can smoke. If you don't want to smoke you have no problem. You don't smoke. What do you mean by that?

Dr. HUNDLEY. What we had in mind there, sir, was the problem of how you can motivate people or influence people not to want to start smoking in the first place, how you can keep a fourth grader in school from becoming a regular cigarette smoker.

Senator McCLELLAN. You can't very well do it with the person giving the advice smoking a cigarette at the same time.

Dr. HUNDLEY. That is a good point.

Senator McCLELLAN. I don't know why you need to spend a million dollars to study that. It doesn't make much sense.

Dr. HUNDLEY. That is only one of the things we plan to study.

Senator McCLELLAN. What else?

Dr. HUNDLEY. We feel we need to know much more than we do now about the sociological and psychological forces that on the one hand can tend to make a person smoke or tend to make him not smoke. We know, for example, that persons' or parents' smoking habits have a big influence on the children's smoking habits. We know that the peers in the child's group with which he associates, whether they smoke or don't smoke makes a big difference.

Senator McCLELLAN. What point are you going to study?

Dr. HUNDLEY. May I give you a concrete example?

Senator McCLELLAN. Yes. I am trying to find out. It may be desirable that no one smokes, but at the same time there is no law against smoking. If the people want to smoke they are going to smoke, so, while we ought to teach the children not to smoke, what do you need? You won't be able to teach the children in school not to smoke or in homes the children not to smoke if their parents smoke and if the teachers smoke.

## ROLE OF AGENCY

Dr. HUNDLEY. Fundamentally, sir, we believe that our role is not to tell anybody not to smoke or try to prohibit them from smoking. We feel that our role is to make the facts about smoking available to people to assist in their decision.

Senator McCLELLAN. You are the one that brought up the children. You are going to influence them some way.

Dr. HUNDLEY. Yes.

Senator McCLELLAN. You said you wanted to tell them to smoke or not smoke. Wouldn't you be trying to tell the children not to smoke?

Dr. HUNDLEY. We hope we wouldn't be.

Senator McCLELLAN. And that it would be injurious if they did?

Dr. HUNDLEY. That, yes, sir, and we would like to educate the parents so that they would convey this same attitude to their children.

Senator McCLELLAN. Do you think they need much education about it?



Dr. HUNDLEY. Yes, sir.

Senator McCLELLAN. I know I smoked when I wanted to and when I didn't I didn't. I imagine other people do about the same thing. I don't think it takes a whole lot of education.

Dr. HUNDLEY. We realize that many, many people perhaps now smoking are going to continue to smoke. In that contention we would like to try to educate people so that if they continue to smoke how they could protect their health, how they could reduce the hazard.

Senator McCLELLAN. How to protect their health and continue to smoke.

Dr. HUNDLEY. Yes, sir.

Senator McCLELLAN. And do no harm.

Dr. HUNDLEY. Yes, sir. There are many ways in which it can be done.

Senator McCLELLAN. All right.

#### FISCAL SITUATION

Senator HOLLAND. I think it has been mentioned already that the agricultural appropriation bill carries \$1 million; that is, the Senate bill; the House bill \$1½ million, for agricultural experimentation in this same field. The House bill carried \$1½ million and suggested that it be expended at the University of Kentucky experiment station. The Senate bill carried \$1 million and suggested that it be expended half at the University of Kentucky and half at Oxford, N.C., at the Federal experiment station that is there.

The House report also directed the USDA to leave the field of medical research entirely alone. You were told that this program was coming on and that the two would have to be dovetailed or supplementary to each other. Is this program that you are suggesting one that has been discussed and made supplemental to the similar program in the same field conducted by the USDA?

#### COORDINATION WITH DEPARTMENT OF AGRICULTURE

Dr. HUNDLEY. Not this program, sir. We have others, as Mr. Kelly pointed out, research activities in the National Heart Institute and the National Cancer Institute, and these are the ones that need to be dovetailed with what Agriculture is doing.

We are not requesting any additional funds to finance these. They are being very carefully coordinated with the Department of Agriculture in formal arrangements to bring this about. This is in the area, sir, of health education, if you will, and the Department of Agriculture doesn't have anything to do with this.

Senator HOLLAND. I understand that the Department of Agriculture would have nothing to do with experimentation that was entrusted to you or a function entrusted to your Department and that you would not have anything directly to do, nothing controlling, in connection with their activities or their functions.

My understanding has been, though, that the two Departments were coming up with a program that dovetailed, your part in with theirs, so as to cover as nearly as possible the whole field.

Dr. HUNDLEY. Yes.

Senator HOLLAND. My question is, in short, Does your program propose to supplement and dovetail with the Department of Agriculture's program?

Dr. HUNDLEY. In the medical research area it does; yes, sir.

Senator HOLLAND. Where do you propose to carry on the program which is covered by this particular budget?

Dr. HUNDLEY. In this particular budget, sir, the research would be in the general sociological area to be carried out through grants or contracts, primarily through grants or contracts, with State health departments, with medical schools, with research organizations, whoever might have the competency to do the particular kind of studies that we have in mind.

#### PROGRAM LOCATION

Senator HOLLAND. We were told that there was some question of the location of at least a part of your program. What I am trying to find out is, did you have this same problem of locating some new experimental work in your Department at some fixed place?

Dr. HUNDLEY. We have not had so far, sir, although we anticipate if this should build up to the level that we think it should, we may have a problem with the facilities in which this work can be done. At the moment we have been successful in finding contractors with existing facilities to do the research.

Mr. KELLY. This does not propose any new laboratories.

Senator HOLLAND. I think it is important that we bring this out in detail because we are going to be in conference with the House early next week on the Agriculture appropriation bill and one of the things in issue is both the size and the division as to place where it should be performed, the program that the Department of Agriculture would carry on. Do I understand that you are not concerned either at Oxford, at the station there, or at the University of Kentucky with the use of any facilities there?

Dr. HUNDLEY. No, sir; we are not involved with that.

Mr. KELLY. We will have 24 people here in headquarters and 6 in the field and the balance of the work will be done under grants and contracts with colleges, and universities, and others.

Senator HOLLAND. And you do not have this problem of location of a new enterprise?

Mr. KELLY. Not with regard to this problem.

Senator HOLLAND. Thank you.

Chairman HAYDEN. If there are no further questions, we thank you for your appearance.

Dr. HUNDLEY. Thank you very much, sir.

OFFICE OF EDUCATION

CIVIL RIGHTS EDUCATIONAL ACTIVITIES

STATEMENT OF FRANCIS KEPPEL, COMMISSIONER OF EDUCATION;  
 ACCOMPANIED BY JOHN J. PATEROS, DIRECTOR, FINANCIAL MAN-  
 AGEMENT BRANCH; DAVID S. SEELEY, SPECIAL ASSISTANT TO  
 THE COMMISSIONER; AND JAMES F. KELLY, DEPARTMENT  
 BUDGET OFFICER

APPROPRIATION ESTIMATE

"CIVIL RIGHTS EDUCATIONAL ACTIVITIES

"For carrying out the provisions of Title IV of the Civil Rights Act of 1964 relating to functions of the Commissioner of Education, \$8,000,000, of which not to exceed \$2,000,000 shall be for salaries and expenses, including services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a)."

CIVIL RIGHTS EDUCATIONAL ACTIVITIES

Amounts available for obligation

Appropriation:

1964-----  
 1965----- \$8,000,000

Obligations by activity

	1964 estimate		1965 estimate		Increase	
	Position	Amount	Position	Amount	Position	Amount
Institutes for school personnel.....	-----	-----	-----	\$3,000,000	-----	+\$3,000,000
Grants to school boards.....	-----	-----	-----	3,000,000	-----	+3,000,000
Administration.....	-----	-----	68	1,975,000	+68	+1,975,000
Legal services.....	-----	-----	2	25,000	+2	+25,000
Total obligations.....	-----	-----	70	8,000,000	+70	+8,000,000



Obligations by object

	1964 estimate	1965 estimate	Increase or decrease
Total number of permanent positions.....		70	+70
Full-time equivalent of other positions.....		10	+10
Average number of all employees.....		58	+58
Number of employees at end of year:			
Permanent positions.....		68	+68
Other.....		30	+30
<b>11 Personnel compensation:</b>			
Permanent positions.....		\$426,955	+\$426,955
Positions other than permanent.....		187,500	+187,500
Other personnel compensation.....		2,340	+2,340
Total, personnel compensation.....		616,795	+616,795
<b>12 Personnel benefits.....</b>		38,220	+38,220
<b>21 Travel and transportation of persons.....</b>		182,380	+182,380
<b>23 Rent, communications, and utilities.....</b>		72,275	+72,275
<b>24 Printing and reproduction.....</b>		32,800	+32,800
<b>25 Other services.....</b>		1,022,415	+1,022,415
<b>26 Supplies and materials.....</b>		6,685	+6,685
<b>31 Equipment.....</b>		28,430	+28,430
<b>41 Grants, subsidies, and contributions.....</b>		6,000,000	+6,000,000
Total obligations by object.....		8,000,000	+8,000,000

Summary of changes

1964 enacted appropriation.....	
1965 estimated obligations.....	\$8,000,000
<b>Total change.....</b>	<b>+8,000,000</b>

	Increases	Positions	Amount
<b>Program increases:</b>			
1. Institutes for school personnel.....			3,000,000
2. Grants to school boards.....			3,000,000
3. Administration.....		68	1,975,000
4. Legal services.....		2	25,000
Total.....		70	8,000,000

SUPPLEMENTAL ESTIMATE, FISCAL YEAR 1965, \$8 MILLION

JUSTIFICATION OF ESTIMATE

The importance of the educational aspects of current civil rights developments cannot be overemphasized. The schools and colleges will increasingly become the focus of demands for social equality.

The immediacy and urgency of the civil rights problems confronting our Nation at this critical period in its history call for educational leadership to assist in eliminating those conditions of discrimination which exist in the educational systems of the Nation.

The Civil Rights Act of 1964 includes several program activities designed to promote progress toward the goal of equality of opportunity in education. Title IV provides for: (1) A survey and report of educational opportunities, within 2 years of the enactment of the legislation; (2) technical assistance in the preparation, adoption, and implementation of plans for the desegregation of public schools; (3) training institutes for school personnel to deal effectively with special educational problems occasioned by desegregation; and (4) grants to school boards for (a) inservice training of teachers and other school personnel in connection with problems incident to desegregation and (b) employing specialists to advise in problems incident to desegregation.

*1. Institutes for school personnel, \$3 million*

The institute activity authorized by section 404 is designed to improve the competencies of the professional personnel involved in public education. Under this section, "The Commissioner is authorized to arrange, through grants or contracts, with institutions of higher education for the operation of short-term or regular session institutes for special training designed to improve the ability of teachers, supervisors, counselors, and other elementary or secondary school personnel to deal effectively with special educational problems occasioned by desegregation. Individuals who attend such an institute on a full-time basis may be paid stipends for the period of their attendance at such institute in amounts specified by the Commissioner in regulations, including allowances for travel to attend such institute."

The problems which are characteristic of the civil rights field indicate that institutes should concentrate upon specific, defined objectives related to community conditions, and the professional personnel working therein. The emphasis therefore will be on institutes for personnel in communities experiencing difficulties with desegregation, coordinated, wherever possible, with developmental projects undertaken by local school systems, perhaps supported by grant funds. The institute participants, however, might well include individuals from a variety of systems with similar problems, in addition to those attending from the immediate locale.

The institute content will be problem oriented with the representatives of many disciplines making a contribution to the total program content. The institutes should concentrate on special techniques in human relations, special techniques of teaching in underprivileged areas, the special design of curricular content of benefit to programs of instruction for children from atypical environments, or other direct applications of generalized knowledge to the specifics of this field.

Criteria to be used in approval of institutes would include: The quality of the proposal in general; consonance with the objectives of the entire civil rights program; quality of staff; and geographical need and distribution.

For the first year of the program it is proposed that short-term institutes only be established. The estimate will support about 51 institutes. Each institute would enroll an average of 50 trainees, or a total of 2,550.

The \$3 million request includes \$1,950,000 for thirty 8-week institutes at an average cost of \$65,000 and \$1,050,000 for twenty-one 6-week institutes at an average cost of \$50,000. The cost of an 8-week institute is estimated as follows:

Stipends at \$75 per week.....	\$30,000
Travel allowances (\$80 per enrollee).....	4,000
Direct costs:	
Instruction staff of 5.....	16,000
Travel and subsistence.....	6,000
Other.....	3,000
Indirect costs.....	6,000
<hr/>	<hr/>
Total.....	65,000

Travel is included for instructional staff since it is assumed that some contracting institution may recruit experienced staff from other institutions for the period of the institutes.

## 2. Grants to school boards, \$3 million

Section 405 provides that "The Commissioner is authorized, upon application of a school board, to make grants to such board to pay, in whole or in part, the cost of (1) giving to teachers and other school personnel inservice training in dealing with problems incident to desegregation, and (2) employing specialists to advise on problems incident to desegregation.

The legislation also provides that in making grants an evaluation must be made to include consideration of the nature, extent, and gravity of the problem; the resources otherwise available to the applicant, and such other factors as the Commissioner may deem relevant in view of the comparative merits of the applications presented and the funds available for this activity.

It is assumed that school systems applying for grants under this program will provide some local or State resources. Since some inservice training programs have their maximum impact when conducted during regular school hours, matching funds could include the cost of salaries of substitute teachers.

The estimate of \$3 million assumes that approximately 120 grants would be made at approximately \$25,000 each. An average grant would be estimated as follows:

Instructional costs.....	\$12, 000
Salaries of training staff employed to conduct seminars and special institutes.	
Consultant services.....	6, 000
Specialized personnel employed to advise on training needs and arrangements.	
Travel.....	3, 000
Travel of trainees and consultants to training sites.	
Supplies.....	500
Communication services.....	500
Instructional materials.....	3, 000
<b>Total.....</b>	<b>25, 000</b>

Particular attention will be given to the most worthy of the proposals presented in order that they will receive sufficient support to enable their development in a manner productive of techniques and procedures of applicability to other school situations.

## 3. Administration

Positions.....	68
Amount.....	\$1, 975, 000

The estimate for administration includes provision for the survey and report of educational opportunities; technical assistance to State and local units in the preparation, adoption, and implementation of plans for desegregation of public schools; and administrative expenses.

### *Survey and report of educational opportunities*

The proposed study would statistically document the extent of impairments to equal educational opportunity resulting from segregation and other forms of discrimination in our public institutions.

The preliminary analysis of census data, and such other available reports as may be applicable, should help to provide a design basis for subsequent phases of the total project. In addition to relations with other office units, liaison will be established with other agencies of the Federal Government, and with interested individuals, groups, and institutions. In addition, this staff would also be responsible for all planning and design related to program operation, securing technical assistance from other sources when necessary. This would include the design of general data-collecting instruments to be utilized in the survey to secure selected items of factual information from the approximate 31,000 operating elementary-secondary public school systems and the approximate 745 accredited or approved public institutions of higher education.

The initial survey phase, the questionnaire-type studies, would include the entire universe of public operating educational institutions in one general baseline study, complemented by selected followup studies on specific questions. These studies will be contracted to an independent research organization for the data processing and summarization phases.



The survey will extend beyond a questionnaire study to a set of field investigations involving a stratified sample of the universe of school systems. This fieldwork would consist of team visitations to the selected systems to gather information through interviews, examination of records, and the observation of such aspects of the local circumstances as may be possible. The representative sample will be selected so as to permit the generalization of its profile of characteristics to the entire range of public school systems, thus achieving, within the limits of statistical procedures, the effect of an investigation of all systems.

It is proposed that these primary field-investigation activities would be contracted to selected national survey organizations, which will assist in the structuring of the design of this phase of the study. Consultant panels will also be established to provide expert advice.

From the questionnaire survey and the sample field-investigation activities additional problem elements may be identified as meriting further attention by way of in-depth studies through contract. The emphasis in these studies would be upon a qualitative assessment of certain aspects of situations involving a discrimination in public education, as opposed to the quantitative, inferential approach underlying the sample study.

To conduct the survey and report program activities, it is estimated that the following staff will be required :

	<i>Number</i>
Specialist, GS-14-----	1
Specialist, GS-13-----	3
Assistant specialist, GS-12-----	2
Research assistant, GS-9-----	2
Secretary, GS-5-----	4

It is estimated that 10 percent of the time of the field staff of 19 positions will be devoted to this activity.

#### *Technical assistance*

The technical assistance program activity will consist of two functions: (1) the preparation and distribution of resource materials; and (2) the provision of consultant services to State and local units.

A central phase of the technical assistance program will be the maintenance of a clearinghouse of information related to the educational desegregation-discrimination problem. This information will be collected from all available sources and will then be made available for use by all interested parties. Certain materials will be reproduced for general circulation for informative or stimulative purposes. Particular attention will be given to the possibilities of using the various educational media in the dissemination of pertinent materials.

The major emphasis of the technical assistance activity will necessarily be of a field nature; providing consultation and advice on methods of successfully initiating desegregation, and on educational practices favorable to the effective operation of desegregated school systems.

Illustrations of the type of general consultant services which might be given to school systems by field representatives are as follows: (1) methods of organizing and conducting staff study groups, (2) procedures for utilizing citizens' advisory groups (3) procedures for conducting surveys of local opinion on the desegregation question (4) aspects of productive public-information programs (5) means of organizing interracial councils; and (6) administrative procedures of particular relevance to desegregation programs.

Office of Education technical assistance will be coordinated with that provided by State departments of education in those States where constructive State-administered programs are in operation.

The staff requested for this activity includes :

	<i>Number</i>
Specialist, GS-14-----	1
Specialist, GS-13-----	5
Research assistant, GS-9-----	2
Secretary, GS-5-----	4

In addition, it is estimated that 65 percent of the field staff of 19 positions will be utilized in the area of technical assistance.

*Institute management*

Staff is requested to review and evaluate proposals for institutes, negotiate contracts, visit the on-going programs, evaluate the institutes, and to develop followup studies of participants.

The following positions are requested :

	<i>Number</i>
Specialist, GS-14-----	1
Specialist, GS-13-----	5
Research assistant, GS-9-----	1
Secretary, GS-5-----	4

*Grants management*

The following staff is requested to administer the grant program :

	<i>Number</i>
Specialist, GS-14-----	1
Program review officer, GS-13-----	1
Accountant, GS-11-----	1
Fiscal aid, GS-6-----	1
Secretary, GS-5-----	2

The staff will be involved in reviewing applications for grants, and evaluating and recommending approval of proposals. In addition, field staff will also be used who will assist the school systems in the preparation of their grant applications and undertake preliminary examinations of the applications to provide the Washington office with an assessment of the value of the proposals. This staff will also stimulate the submission of proposals, particularly in those areas where needs are great, resources are limited, and administrators are inexperienced in dealing with assistance programs.

It is estimated that 25 percent of the time of field staff will be spent on the approval and evaluation of institutes and the grant programs.

*Executive direction*

A small staff of eight is necessary to provide leadership and coordination of the educational civil rights program. The positions requested include :

	<i>Number</i>
Director, GS-15-----	1
Director of field operations, GS-14-----	1
Executive assistant, GS-13-----	1
Auditor, GS-12-----	1
Fiscal assistant, GS-9-----	1
Secretary, GS-6-----	1
Secretary, GS-5-----	2

*Field operations*

Nineteen positions are requested for the field staff to be distributed initially as follows :

	<i>Number</i>
Specialist, GS-14-----	5
Specialist, GS-13-----	7
Secretary, GS-5-----	5
Clerk-typist, GS-4-----	2

	Atlanta	New York	Dallas	San Francisco	Chicago	Total
<b>Professional:</b>						
GS-14-----	1	2	1	1	1	6
GS-13-----	2		2	1	1	6
<b>Clerical:</b>						
GS-5-----	1	1	1	1	1	5
GS-4-----	1		1			2
<b>Total-----</b>	<b>5</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>19</b>

It is anticipated that regional offices in New York, Dallas, San Francisco, and Chicago would service adjacent regions and that the Washington office would service region III (Charlottesville).

As stated above, the activities of the field staff are estimated to be distributed as follows:

	<i>Percent</i>
Technical assistance.....	65
Survey investigation and report.....	10
Approval and evaluation of institute and grant programs.....	25

*4. Legal services*

Positions.....	2
Amount.....	\$25,000

Two positions are included for the Office of the General Counsel, one GS-14 and one GS-5, to provide the necessary legal services in the conduct of the program.

*Special requirements*

Included in the estimate is \$1 million for contractual services in connection with the survey on the lack of educational opportunities and for the collection and development of appropriate materials with which to provide technical assistance to public agencies in problems of desegregation.

Also included is \$275,000 for consultant services (including travel). The entire program is based on the maximum use of consultants for assistance in connection with the survey and report; to supplement the staff, many of whom will serve on term appointments, in connection with technical assistance activities; and to review and recommend approval of institute and grant applications.

This amount has been distributed as follows:

	Personal services	Travel	Total
Institutes management, 100 days, at \$75.....	\$7,500	\$3,500	\$11,000
Grants, management, 100 days, at \$75.....	7,500	3,500	11,000
Survey and report of educational opportunities, 860 days, at \$75.....	60,000	28,000	88,000
Technical assistance, 1,500 days, at \$75.....	112,500	52,500	165,000
<b>Total.....</b>	<b>187,500</b>	<b>87,500</b>	<b>275,000</b>



## CIVIL RIGHTS EDUCATIONAL ACTIVITIES

*New positions requested—Supplemental estimate, fiscal year 1965*

	Grade	Annual salary
<b>Surveys and reports:</b>		
Specialist.....	GS-14.....	\$13,624
Specialists (3).....	GS-13.....	35,193
Assistant specialists (2).....	GS-12.....	19,968
Research assistants (2).....	GS-9.....	14,060
Secretaries (4).....	GS-5.....	18,804
Total (12).....		101,649
<b>Technical assistance:</b>		
Specialist.....	GS-14.....	13,624
Specialists (5).....	GS-13.....	58,655
Research assistants (2).....	GS-9.....	14,060
Secretaries (4).....	GS-5.....	18,804
Total (12).....		105,143
<b>Institute management:</b>		
Specialist.....	GS-14.....	13,624
Specialists (5).....	GS-13.....	58,655
Research assistant.....	GS-9.....	7,030
Secretaries (4).....	GS-5.....	18,804
Total (11).....		98,113
<b>Grants management:</b>		
Specialist.....	GS-14.....	13,624
Program review officer.....	GS-13.....	11,731
Accountant.....	GS-11.....	8,424
Fiscal aid.....	GS-6.....	5,242
Secretaries (2).....	GS-5.....	9,402
Total (6).....		48,423
<b>Executive direction:</b>		
Director.....	GS-15.....	15,683
Director of field operations.....	GS-14.....	13,624
Executive assistant.....	GS-13.....	11,731
Auditor.....	GS-12.....	9,984
Fiscal assistant.....	GS-9.....	7,030
Secretary.....	GS-6.....	5,242
Secretaries (2).....	GS-5.....	9,402
Total (8).....		72,696
<b>Field operations:</b>		
Specialists (5).....	GS-14.....	68,120
Specialists (7).....	GS-13.....	82,117
Secretaries (5).....	GS-5.....	23,505
Clerk-typists (2).....	GS-4.....	8,444
Total (19).....		182,186
<b>Office of General Counsel:</b>		
Attorney.....	GS-14.....	13,624
Secretary.....	GS-5.....	4,701
Total (2).....		18,325
Total, all activities (70).....		626,535

## 1965 SUPPLEMENTAL REQUEST

Chairman HAYDEN. We have a request for \$8 million for the "Office of Education, civil rights educational activities."

Mr. KELLY. Commissioner Keppel is coming right here. Commissioner Keppel will testify on that item for the Office of Education.

Chairman HAYDEN. Do you have a prepared statement?

Mr. KEPPEL. I have a prepared statement.

Chairman HAYDEN. Did you want to put it in the record, or read it?

Mr. KEPPEL. Whichever you prefer.

Chairman HAYDEN. What do you prefer?

Mr. KEPPEL. May I brief it, sir?

Chairman HAYDEN. Yes. The whole statement will be included in the record.

(The statement referred to follows:)

STATEMENT BY COMMISSIONER OF EDUCATION ON CIVIL RIGHTS EDUCATIONAL ACTIVITIES, OFFICE OF EDUCATION

The Civil Rights Act of 1964 has placed upon the educational leadership of our Nation a major and decisive role in eliminating conditions of discrimination which exist in our educational institutions. Our schools and colleges are increasingly becoming the focus of demands for social equality.

Title IV of the act provides, through the Office of Education, significant Federal assistance to schools in dealing with the special educational problems occasioned by desegregation.

We are requesting an amount of \$8 million for fiscal year 1965 to implement title IV of the act. The estimate will provide for a survey and report of educational opportunities, technical assistance, training institutes, grants, and administrative costs.

TRAINING INSTITUTES FOR SCHOOL PERSONNEL

The estimate includes \$3 million for the operation of institutes for special training to improve the ability of teachers, supervisors, counselors, and other elementary or secondary school personnel to deal effectively with special educational problems occasioned by desegregation. Stipends may be paid to school personnel who attend such institutes on a full-time basis.

For the first year of the program it is proposed that only short-term institutes of 6 or 8 weeks be established. Our request will support about 50 such institutes with an average enrollment of 50 trainees.

GRANTS TO SCHOOL BOARDS

For grants to school boards we are requesting \$3 million. The act provides that, upon application of a school board, grants may be made to assist in providing teachers and other school personnel with inservice training in dealing with problems incident to desegregation and employing specialists to advise in these problems. The grants program will serve to complement the institutes program in meeting the special educational problems involved in school desegregation. The amount requested could provide for approximately 120 grants of \$25,000 each. These funds will be used by the local school districts to employ specialists, to conduct training programs, to devise special educational services, and to pay the salaries of substitute teachers during training periods for regular teachers.

TECHNICAL ASSISTANCE

The technical assistance program authorized by section 403 of the act will include the preparation and distribution of resource materials and the provision of consultant services to State and local school units.

The major emphasis of this activity will be the dissemination of information on educational practices found to have been effective in the operation of desegregated school systems.

SURVEY AND REPORT OF EDUCATIONAL OPPORTUNITIES

The objective of the study called for in section 402 of the act is to document statistically the extent of impairment of equal educational opportunity resulting from various forms of discrimination in education. This survey would involve questionnaire-type studies and fieldwork to secure selected items of information from the elementary-secondary school systems and public institutions of higher education.

It is proposed that the initial survey phase would be contracted to an independent research organization for the processing and summary phases, and that the fieldwork activities would be contracted to selected national survey organizations which would assist in structuring the fieldwork phase of the study.

## ADMINISTRATION

We are requesting \$2 million for the administration of title IV of the Civil Rights Act.

The sum includes the following items :

(a) Contractual services in the amount of \$1 million to be used in conducting the survey and making a report on educational opportunities as required by section 402 of the act.

(b) Salaries and expenses in the amount of \$725,000 to cover the requirements of 70 professional and clerical employees, to be located in Washington and the field to provide technical assistance, manage the grant and the institute programs, supervise the survey and report of educational opportunities, and provide legal services.

(c) Consultant services on various aspects of the program such as the technical assistance provisions, totaling \$275,000.

I will be glad to answer any questions that you may wish to raise.

Senator ELLENDER. That is for what, now?

## TRAINING INSTITUTES, SCHOOL PERSONNEL

Mr. KEPPEL. This is civil rights educational activities, sir. It is title IV of the Civil Rights Act. It consists of four basic parts plus administration, as stated in title IV of the act.

First, sir, it is training institutes for school personnel and the estimate that we bring to you is \$3 million for the operation of institutes; special training to improve the ability of the teachers, counselors, and supervisors and this is in the elementary and secondary schools.

Senator ELLENDER. Why do they need special training?

Mr. KEPPEL. Training in remedial reading would be one example.

Senator ELLENDER. What do you mean by that?

Mr. KEPPEL. That would be for students whose reading ability is below that of the average. There are techniques for improving those pupils' ability to read. Some techniques have been worked out. Some of them actually are relatively new.

## REASON FOR INCLUSION IN ACT

Senator ELLENDER. Why does that come under civil rights?

Mr. KEPPEL. It is part of title IV of the act, sir.

Senator ELLENDER. I understand that, but why should it have come under the Civil Rights Act?

Mr. KEPPEL. I would say, sir, under the terms of the act, for the purpose of eliminating conditions of discrimination which exist in our educational institutions.

Senator McCLELLAN. Primarily for the purpose of trying to eliminate inequality? That is what it is, to try to take those that you are transferring and forcing into schools here and to give them a special course in reading so they can get up to the level of other children; isn't that what it actually amounts to?

Mr. KEPPEL. This would be so.

Senator McCLELLAN. In other words, to be frank about it, we are taking the Negro and putting him in the white school. We are to spend this special money to instruct him to bring him up to the level of the others so he can read; isn't that right?

Mr. KEPPEL. Certainly that would be true of many Negro children.

Senator McCLELLAN. All right.



## INSTITUTES FOR TEACHERS AND SUPERVISORY PERSONNEL

Mr. KEPPEL. There are other parts of the training program, Senator, that would involve institutes for teachers and supervisory personnel in order to help in the process of understanding the difficulties of desegregation as stated towards the end of the first page of my statement, sir.

Senator ELLENDER. What would you teach them? How would you go about that? Do you expect special problems in integration?

Mr. KEPPEL. Yes, sir.

Senator ELLENDER. What courses will you pursue there?

Mr. KEPPEL. The policy we propose to follow, sir, is that these training institute courses, which would be given by colleges and universities, would set up such institutes which would be for teachers. I gave reading as an example; mathematics, might be another one, also, instruction in the problems, the attitudes, toward education faced by children who have been disadvantaged in many ways. This I believe would be both white and Negro children, and there is instruction that can be given by some psychologists and by some sociologists. The focus, however, of what we understand to be the intent of the act would be training for the teachers based primarily in the subjects—the ones that we are accustomed to, English, mathematics, which I think would probably be the best.

## PROPOSED EXPENDITURES, FISCAL YEAR 1965

Senator ELLENDER. How much do you expect to spend in that direction?

Mr. KEPPEL. We are estimating, sir, and the estimate is based on our prior experience in teacher institutes, in languages and other fields, about 50 such institutes with about 50 trainees in each, short term, 6 weeks to 8 weeks, at a total cost of \$3 million.

Senator ELLENDER. Is that on a yearly basis?

Mr. KEPPEL. This would be during the fiscal year 1965.

Senator ELLENDER. How long do you propose to keep this up?

Mr. KEPPEL. This would depend on the number of applications we get. We do not, of course, as yet have a basis, a record, on which we can predict accurately.

## TRAINING PRESENT TEACHING STAFF

Senator ELLENDER. A teacher who is now engaged as instructor in a Negro school or a white school would have to have special training, as I understand it, in order to teach the same children when they integrate; is that right?

Mr. KEPPEL. I do not think that would be true of all teachers. This would probably not be true of all teachers, but it certainly would be true of some, in our judgment.

Senator ELLENDER. Is it your purpose to give them special training so that if, as, and when there is integration in a particular school they will be capable of carrying out this work in this integrated school?

Mr. KEPPEL. Yes, sir.

Senator ELLENDER. So they will need to learn additional methods. Is that the idea?

Mr. KEPPEL. It would be methods. You have stated both of them correctly, both methods and different approaches, and also in our judgment it would be some of the newer types of instruction, for example, in mathematics, which are beginning to be widely spread in the United States, new ways of teaching introductory arithmetic, that kind of thing.

## ELIGIBILITY AND STIPEND FOR TRAINING

Senator McCLELLAN. Who will be eligible for this training? What teachers? Who will determine who is eligible?

Mr. KEPPEL. The local school board, sir.

Senator McCLELLAN. The estimate includes \$3 million for operation of institutes for special training to improve the ability of the teachers. Is there any criteria as to who is eligible and who is not?

Mr. KEPPEL. The institutes, as we see it, would be set up in the universities and the teachers who would go to the universities would apply for admission. I have in mind the similarity with the other institutes for the National Defense Education Act, and there the school boards in most cases explicitly authorized them to go.

Senator ELLENDER. That is for regular college training.

Mr. KEPPEL. It is a collegiate type of instruction; yes, sir.

Senator ELLENDER. I understand. Would these special teachers who are accepted receive a stipend while they were there?

Mr. KEPPEL. Yes, sir; the stipend would be exactly comparable to that which is given in institutes now in modern foreign language under the National Defense Education Act and our cost factors are based on our experience under that program.

## LENGTH OF COURSES

Senator ELLENDER. Would these courses be carried on the year round?

Mr. KEPPEL. No, sir.

Senator ELLENDER. Six months, six weeks, or just in the summer time?

Mr. KEPPEL. Our proposal here would be at the start, that these will either be 6- or 8-week courses and probably many of them will take place, as a guess, either in the second part of this academic year, or next summer.

Senator ELLENDER. And this would be given to teachers who have agreed to teach in integrated schools?

## CHOICE OF TRAINEES

Mr. KEPPEL. I don't think that is involved, sir. I think the school system would authorize or send teachers for the type of training. I don't conceive of an agreement.

Senator McCLELLAN. Wouldn't that be an act of discrimination if they didn't agree to it?

Mr. KEPPEL. I don't believe that the application for admission to the institute would depend on whether the individual needs the type of training the school system has.

We had not required this of the teachers in general in this sense. This would be up to the school system.

Senator McCLELLAN. You would have to or you would permit discrimination.

Mr. KEPPEL. This would be up to their school board.

QUESTION OF AGREEMENTS TO TEACH

Senator McCLELLAN. This is appropriating money here to try to bring people to obey the law and comply with it. I don't see how you could permit some teacher to come in there and take the training who would say, "I won't teach in an integrated school." That doesn't make sense.

Mr. KEPPEL. That is a different point.

Mr. KELLY. I think that the difference is that they are not required to sign some kind of agreement that they will teach, but, on the other hand, you are posing the question now do they make an affirmative statement that they will not teach, and it seems to me—

Senator McCLELLAN. Wouldn't you require them to do that before you would pay out Federal money? Here you have an antidiscrimination program. You are going to take some money and train them and have them say when they get the training, "I am going to refuse to discriminate."

Mr. KELLY. May I just comment that we run a tremendous number of training programs that are supported, both in the Office of Education and elsewhere, such as the Public Health Service, and we have made a great number of studies as to whether or not people who take training in a given subject, and to use the National Institutes of Health as an example, do in fact go into the research for which they are trained. We find a high proportion of them who went into the training were motivated to do the kind of work for which they were trained when they finished. We do not as a matter of policy require people to sign agreements that they will go into a given area.

TEACHING IN INTEGRATED SCHOOLS

Senator McCLELLAN. That is before you had the civil rights law. As I understand, this is a special program provided for in the Civil Rights Act to prepare teachers to teach in integrated schools. You can't get around that. This was the purpose of it.

Mr. SEELEY. The school district sending the teacher would send him with the idea of adhering.

Senator McCLELLAN. Would you accept any teacher there if you knew in advance he wouldn't teach in an integrated school?

Mr. SEELEY. It is hard to imagine a school system would send such a teacher.

Senator McCLELLAN. I say would you refuse to accept a teacher unless that teacher was sent there in order to teach in an integrated school, because the act, as I remember, states that integration will provide us with problems—

Mr. SEELEY. It is to assist schools that are undergoing integration.

Senator McCLELLAN. Exactly, and I presume that one of your first queries would be is that teacher going to teach in an integrated school, because if she doesn't or he doesn't that means that she wouldn't be entitled to the stipend.

Mr. SEELEY. I think it is hard to tell exactly where the teacher is going to teach within a system, but I assume the system wouldn't send



the teacher unless it was part of their attempt to prepare to deal with the problem of desegregation.

Senator McCLELLAN. The gentlemen answered it awhile ago. He said yes, that was the purpose of it, to get up to the level of the white student. That is a straight answer.

#### REASON FOR TITLE IN LAW

Senator ELLENDER. As I understand the Civil Rights Act, that is why this title was put in there. The proponents of the civil rights bill knew in advance it would pose certain problems and that is why you want special teacher courses so as to prepare these teachers to instruct in integrated schools. Isn't that right?

Mr. SEELEY. It is to assist schools with integration in their districts.

Senator ELLENDER. I don't see why you want to be so evasive.

#### GRANTS TO SCHOOL BOARDS

Mr. KEPPEL. The second portion of the proposed budget is an exactly comparable amount of \$3 million proposed for grants to school boards on application of school boards, and among such applications the grant may be made to assist in providing teachers and other school personnel with inservice training, as contrasted to the institutes that we have been speaking to before, in dealing with the problems incident to desegregation, and to employ specialists.

Senator ELLENDER. How will that be used? Could that be made available to teachers that are not now teaching in a school?

Mr. KEPPEL. To teachers not teaching; no, sir. This is for inservice training of teachers on the job.

#### BREAKDOWN OF GRANTS EXPENDITURE

Senator ELLENDER. How will you expect that money will be spent?

Mr. KEPPEL. This is a sample type budget breakdown, breaking it down to what we expect to be \$25,000. I would have to tell you, sir, without actual experience we are not as sharp in our figuring here as we were on these institutes where we have a substantial body of experience with other types of institutes.

Here we are estimating that the instructional cost, that is, the salaries of a training staff employed to conduct seminars in special institutes, obviously not the full time of the teachers who are on the job, but late afternoon, and evenings, and Saturdays, would be \$12,000 there, and for such consultant services that might come in—remember, this kind of program might go for a month and you might get somebody in there once in a while—\$6,000, \$2,000 for travel, and then supplies, communications and the like, with a total of about \$25,000.

Senator ELLENDER. Will the teachers who are taught get extra money?

Mr. KEPPEL. No, sir.

Senator ELLENDER. In other words, it will have to be done after teaching hours, I presume.

Mr. KEPPEL. Yes.

Senator ELLENDER. Or during the summer.

Mr. KEPPEL. It could be. I come out of this work myself, Senator,

and teachers are quite often accustomed to taking extra courses on Saturday morning.

Senator ELLENDER. If they work extra time I presume they will be paid for it?

Mr. KEPPEL. Not often, sir.

Senator ELLENDER. You are not providing for that?

Mr. KEPPEL. No, sir; we are not.

#### ARRANGEMENTS MADE BY SCHOOL SYSTEM

Senator ELLENDER. This is merely to pay for the salary and traveling expenses, et cetera, to have special instructors for a school?

Mr. KEPPEL. The school system would apply. Grants would be made to the school system. It would make the arrangements for these people.

Mr. KELLY. There is a possibility that the school district would arrange the program during teaching hours and use substitute teachers and we would recognize the cost of substitute teachers.

Senator ELLENDER. Before the civil rights bill was passed I presume you anticipated all these problems would arise?

Mr. KEPPEL. Yes, sir.

Senator ELLENDER. I am sure that is why it was incorporated in the law. Is that right?

#### TECHNICAL ASSISTANCE

Mr. KEPPEL. That's right. The third part of the budget, Mr. Chairman, is on technical assistance. The act in section 403 states that the Commissioner of Education shall provide technical assistance.

Senator McCLELLAN. What do you mean by technical assistance?

Mr. KEPPEL. I think it might be well here to read from the act. "The Commissioner is authorized upon the application"——

Senator McCLELLAN. What do you mean by technical assistance?

Senator ELLENDER. How to deal with the Negro.

Mr. KEPPEL (reading):

To provide any technical assistance including, among other activities, making available to schools, or States, and so forth, information regarding effective methods of coping with the special educational problems occasioned by desegregation, making available personnel of the Office of Education, and other such persons—

I take it consultants part time——

to advise and assist these school boards in coping with such problems.

#### SOURCE OF EXPERT PERSONNEL

Senator McCLELLAN. Where are we going to get such experts? Where are we going to get an expert in that field?

Mr. KEPPEL. If I may, I have a specific example.

Senator McCLELLAN. Give me one.

Mr. KEPPEL. Mr. T. P. Baker, who is the assistant superintendent of schools in Austin, Tex. There is a Professor W-e-y, if my spelling is right, at the University of Florida. These men have taken an active part in their own schools in the process of desegregation. I don't mean there are necessarily a lot of them, sir.

Senator McCLELLAN. I just wondered who was capable. We seem to have trouble all over the country. I just wondered who had become an expert in this field that could give technical advice.

Mr. SEELEY. Those who had experience in this line. In Baltimore, school people who can—

Senator ELLENDER. Not New York, or Rochester. I think they need it more in the North than the South.

## SURVEY AND REPORT TO PRESIDENT

Mr. KEPPEL. Finally, Mr. Chairman, the act requires that a survey and a report be rendered to the President and the Congress by 2 years from the date of the passage of the act and the Commissioner of Education is made responsible for that, so in the budget you will notice that we have funds in the amount of a million dollars roughly for the first year largely to do this through the use of independent research.

Senator McCLELLAN. I just want to ask two other questions.

Do you expect to ask for another appropriation of this character next year and the next year?

In other words, these are permanent programs now?

Mr. KEPPEL. I can't answer that, sir. We haven't had enough experience. Under the survey I can be specific.

Senator McCLELLAN. I want to find out if the amount will increase.

Mr. KEPPEL. With regard to the survey, Senator, which is a fixed item, we are asking roughly a million this year and roughly a half million next year because we can see our way through and finish up.

When it comes to the other, technical advice, I think it would be almost impertinent for me to say that.

Senator McCLELLAN. You have to train some technicians first. Do we have a school to train technicians?

Mr. KEPPEL. Technicians in the sense that we were using the word?

Senator McCLELLAN. Yes; the sense that we are using it, somebody who is experienced and somebody who—

Mr. KEPPEL. We are going to be getting more and more experience.

Senator McCLELLAN (continuing). Can give expert advice. Do we have a school to train him? I think you are starting at the wrong end.

Mr. KEPPEL. That is not in the act, sir.

Senator McCLELLAN. All right.

## FUNDS FOR ADMINISTRATION

Mr. KEPPEL. Finally, Mr. Chairman, we are requesting for administration a total of \$2 million. The first part of it is \$1 million to which I was just referring for conducting a survey through an outside group, and salaries and expenses of \$725,000 to cover the requirements of professional and clerical employees in the Office of Education and in the field, and consultant services, which we expect would be necessary, totaling \$275,000. That is the total, sir.

Senator ELLENDER. Is that what you are asking altogether? \$275,000?

Mr. KEPPEL. No, sir. The grand total is \$8 million; that is \$3 million for the institutes, \$3 million for grants to school boards, and then the smaller amounts which add up to a total of \$8 million.

Chairman HAYDEN. We thank you for your appearance.

Mr. KEPPEL. Thank you.





# U.S. DEPARTMENT OF LABOR

## EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

**STATEMENTS OF LEO R. WERTS, ASSISTANT SECRETARY OF LABOR;  
KENNETH ROBERTSON, DEPUTY SOLICITOR OF LABOR; ARYNNESS  
J. WICKENS, CONSUMER PROGRAM ADVISER; R. E. MILLER, DI-  
RECTOR, OFFICE OF BUDGET ADMINISTRATION**

### SALARIES AND EXPENSES

*"For necessary expenses of the Equal Employment Opportunity Commission established by title VII of the Civil Rights Act of 1964, \$2,500,000."*

1965:  
 Budget request----- \$2, 626, 000  
 Budget estimate----- 2, 500, 000

#### *Amounts available for obligations*

Appropriation or estimate:  
 1964-----  
 1965----- \$2, 500, 000

#### *Obligations by activity*

Description	Appropriation, 1964		Estimate, 1965		Change, 1965	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
1. Federal administration-----			190	\$1, 600, 000	+190	+\$1, 600, 000
2. State administration-----				900, 000	-----	+900, 000
Total obligations-----			190	2, 500, 000	+190	+2, 500, 000

#### *Obligations by object*

	Appropriation, 1964	Estimate, 1965	Change, 1965
Total number of permanent positions-----		190	+190
Average number of all employees-----		110	+110
11 Personnel compensation-----		\$1, 027, 000	+\$1, 027, 000
12 Personnel benefits-----		76, 000	+76, 000
21 Travel and transportation of persons-----		70, 300	+70, 300
22 Transportation of things-----		26, 600	+26, 600
23 Rent, communications, and utilities-----		145, 800	+145, 800
24 Printing and reproduction-----		78, 300	+78, 300
25 Other services-----		66, 000	+66, 000
26 Supplies and materials-----		31, 000	+31, 000
31 Equipment-----		79, 000	+79, 000
41 Grants, subsidies, and contributions-----		900, 000	+900, 000
Total obligations-----		2, 500, 000	+2, 500, 000
Working capital fund items included above-----		(41, 400)	(+41, 400)

*Summary of changes*

1964 appropriation-----	
1965 estimate-----	\$2,500,000
Total change-----	+2,500,000

## Program item :

Increase: To provide for the establishment in 1965 of an Equal Employment Opportunity Commission to investigate alleged violations of title VII of the Civil Rights Act of 1964, and to furnish technical assistance, issue regulations, interpretations, and opinions, prescribe recordkeeping and reporting requirements, request court orders, and develop cooperative agreements with States and Federal agencies. (190 positions; \$1,103,000, personal services, \$1,397,000 non-labor)-----	+2,500,000
Total change-----	+2,500,000

*Activity 1. Federal administration (1964, 0; 1965, \$1,600,000)*

*Narrative description of program.*—Title VII of the Civil Rights Act of 1964 establishes the national policy that it is an unlawful employment practice for employers, employment agencies, or unions, in an industry affecting commerce, to discriminate against individuals because of race, color, religion, sex, or national origin.

An Equal Employment Opportunity Commission (EEOC) is created to investigate any alleged violations. If the EEOC determines, on the basis of the investigation, that there is reasonable cause to believe that the charge is true, it will try to eliminate the practice through conciliation efforts. If its efforts are unsuccessful, the complainant may file a civil suit to gain compliance. The EEOC may recommend that the Attorney General intervene in the suit and may assist the Attorney General in his efforts.

The Attorney General may also bring a civil suit whenever he has reasonable cause to believe that any person is engaged in a pattern of resistance to the rights established by title VII. The EEOC will develop recommendations concerning such suits and advise and assist the Attorney General.

The title anticipates a close relationship between EEOC and the States and localities that prohibit the same employment practices prohibited by title VII. A complainant must first seek relief at the State and local level when an appropriate agency exists. EEOC may not accept a charge until 60 days after it was filed with the local or State agency. The EEOC is authorized to cooperate with these agencies, to use their services on a reimbursable basis, and to cede jurisdiction to them in specific types of cases.

The EEOC is authorized to furnish, on request, technical assistance to persons subject to this title. It is also authorized to make technical studies and to cooperate with other agencies in its education and promotional activities.

The EEOC has authority to take the necessary legal and administrative steps to carry out its responsibilities. For example, it will issue rules, regulations, interpretations, opinions, and exemptions, prescribe recordkeeping and reporting requirements, and request court orders to compel compliance with court decisions.

The EEOC will develop cooperative arrangements with the President's Committee on Equal Employment Opportunities and agencies assuring compliance with Executive Orders 10925 and 11114. The existing activities carried out under the Executive orders will be continued because of the affirmative action requirement of the orders and the different methods of assuring compliance.

*Program changes for 1965.*—The prohibitions of title VII of the Civil Rights Act of 1964 and legal authority to enforce them will not become effective until 1 year after enactment of the act. The EEOC will spend this year (1965) in—

Impressing upon the public that title VII establishes a national policy that individuals may not be discriminated against in employment because of their race, color, religion, sex, or national origin.

An informational effort directed to those subject to the title to gain acceptance of its policy and to give assurance that it will be fairly and carefully administered.

Meeting with interested parties to receive and review proposals for administering title VII.

Providing technical assistance to those requesting it.



Developing and carrying out technical studies that will assist the Commission and those subject to the title.

Issuing rules and regulations, interpretations, and opinions.

Announcing procedures and recordkeeping and reporting requirements.

Developing cooperative agreements with local, State, and Federal agencies.

*Office of the Commission.*—The Office of the Commission will consist of the Commissioners and their secretaries (10 positions—5 board members and 5 clerical).

*Office of the Executive Director.*—The Executive Director will direct all activities of the Commission and will report to the Chairman (two positions, one professional and one clerical).

*Office of the General Counsel.*—The General Counsel and his staff will be responsible for providing legal advice to the Commission, the Attorney General, the EEOC staff, local, State, and Federal agencies, and private parties. During fiscal year 1965, much of the staff time will be devoted to rules and regulations, interpretations, opinions, exemptions, agreements with other agencies, advice on informational and technical assistance material, and inquiries (14 positions, 10 professional and 4 clerical).

*Office of Technical Assistance and Information.*—This Office will organize the widespread effort to inform the public on title VII. Conferences will be conducted throughout the country with various groups. Material will be prepared and distributed. Workshops and clinics will be organized. Technical assistance will be provided, when requested, and other inquiries answered (13 positions, 10 professional and 3 clerical).

*Office of Compliance Policies and Procedures.*—This Office will develop procedures for investigating charges, including cooperative arrangements with local, State, and other Federal agencies (nine positions, six professional and three clerical).

*Office of Research and Statistics.*—This Office will direct the technical studies authorized by section 705(g) (5) and perform the staff work for the recordkeeping and reporting requirements authorized by section 709(e). It will also compile, tabulate, and analyze data from reports (10 positions, 6 professional and 4 clerical).

*Office of Administration.*—This Office will perform the usual administrative tasks (12 positions, 7 professional and 5 clerical).

*Field staff.*—The field staff will investigate complaints, make conciliation efforts, and provide technical assistance (120 positions, 84 professional and 36 clerical).

In fiscal year 1965, the field staff will be trained, will develop procedures with State and local agencies, and will provide technical assistance as requested. In fiscal year 1966, and after, it also will investigate complaints and make conciliation efforts.

#### *Activity 2. State administration (1964, 0; 1965, \$900,000)*

*Narrative description of program.*—Existing State and local laws prohibiting discrimination because of race, color, religion, or national origin, cover approximately one-half of the labor force. The coverage of statutes prohibiting discrimination because of sex is much less. Since it is not possible to measure the amount of discrimination in various States or the probability of charges being filed, or to anticipate the degree of success in arranging cooperative arrangements with these States, it is assumed that the labor force coverage of these laws is the best present guide for determining workload. Therefore, it is assumed that one-half the work to be performed in the field will be performed by State agencies and on a reimbursable basis (as authorized by sec. 709(b)).

*Program changes for 1965.*—In fiscal year 1965, these States will be asked to participate in all the activities of EEOC, including technical assistance, educational, and promotional efforts, development of rules and regulations, recordkeeping and reporting requirements. In the case of some States, it will also be desirable to recruit and train new staff prior to July 1, 1965.

The payments to the States are assumed to be about 56 percent of the direct Federal costs in fiscal year 1965. In the following years, the ratio would probably be between 50 and 100 percent. Payments to States could rise above this level if more States or localities enact laws prohibiting the employment practices prohibited by title VII. Of course, if they do, the direct Federal costs would be reduced.

Distribution of field staff<sup>1</sup>

Regional offices	1964			1965		
	Profes- sional	Clerical	Total	Profes- sional	Clerical	Total
Atlanta, Ga.....				14	6	20
Chicago, Ill.....				14	6	20
Dallas, Tex.....				14	6	20
Los Angeles, Calif.....				14	6	20
New York, N. Y.....				14	6	20
St. Louis, Mo.....				14	6	20
Total field staff.....				84	36	120

<sup>1</sup> Tentative, pending completion of a study of employment concentrations and probable need.

## EXPLANATION OF ESTIMATE BY OBJECT

*Personnel compensation, \$1,027,000*

The estimate provides for 109.6 man-years of employment. Of these, 51.9 man-years and \$561,329 are allocated to departmental service and 57.7 man-years and \$465,671 are allocated to the field service. The estimate includes \$6,840 for 1 extra day of pay in excess of the 52-week base.

*Personnel benefits, \$76,000*

The estimate provides personnel benefits at about 7.4 percent and is based on the rate of mandatory Federal contributions.

*Travel and transportation of persons, \$70,300*

The estimate provides transportation and per diem expenses as follows:

Description	Number	Duration (days)	Partici- pants	Per diem	Travel	Total
Public conferences.....	15	13	15	\$10,650	\$13,900	\$24,550
Advisory meetings.....	35	12	6	6,750	8,900	15,650
Normal field travel.....		18	60	17,300	12,800	30,100
Total cost.....				34,700	35,600	70,300

<sup>1</sup> Each.

*Transportation of things, \$26,600*

The estimate provides for movement of household goods for 40 employees at \$500 per move (\$20,000), and for shipment of supplies, materials, etc., to field installations.

*Rent, communications, and utilities, \$145,800*

The estimate provides for the following:

Paid official mail.....	\$30,000
Telephone services and installation.....	12,250
Teletype services.....	2,000
Rent and utility services (office space).....	83,550
Conference room rentals.....	7,300
WCF charges.....	10,700
Total.....	145,800

*Printing and reproduction, \$78,300*

The estimate provides for the following:

Publications.....	\$55,000
Reproduction services.....	11,000
WCF charges.....	12,300
Total.....	78,300

*Other services, \$66,000*

The estimate provides for the following:

100 full-field security investigation.....	\$37, 500
Contracts relating to repairs and maintenance of equipment.....	3, 000
Dissemination of informational material via broadcasting media.....	9, 800
Contractual research service.....	5, 000
WCF charges.....	10, 700
Total.....	66, 000

*Supplies and materials, \$31,000*

The estimate provides for the following:

Desk-top supplies for 190 employees.....	\$12, 000
Subscriptions to reference materials.....	2, 300
Duplicating supplies.....	9, 000
WCF charges.....	7, 700
Total.....	31, 000

*Equipment, \$79,000*

The estimate provides for the following:

Equipment for 190 new employees at average cost of \$400 per employee.....	\$76, 000
Purchase of books and other reference materials.....	3, 000
Total.....	79, 000

*Grants, subsidies, and contributions, \$900,000*

The estimate provides for payments to States in order that they may participate in all the activities of the Equal Employment Opportunity Commission, including technical assistance, educational, and promotional efforts, development of rules and regulations, recordkeeping and reporting requirements on a reimbursable basis.

## SUMMARY OF NEW POSITIONS

*Activity 1. Federal administration*

## OFFICE OF THE COMMISSION

## Departmental:

1 Chairman.....	\$20, 500
4 members.....	80, 000
5 GS-9 secretaries.....	35, 150
Total (10).....	135, 650

## OFFICE OF THE EXECUTIVE DIRECTOR

## Departmental:

1 GS-18 Executive Director.....	20, 010
1 GS-8 secretary.....	6, 406
Total (2).....	26, 416

## OFFICE OF THE GENERAL COUNSEL

## Departmental:

1 GS-18 General Counsel.....	20, 010
9 GS-14 attorneys.....	122, 616
1 GS-8 secretary.....	6, 406
3 GS-5 secretaries.....	14, 103
Total (14).....	163, 135



## OFFICE OF TECHNICAL ASSISTANCE

## Departmental:

1 GS-17 Director	\$18, 013
9 GS-13 compliance officers	105, 579
1 GS-7 secretary	5, 803
2 GS-4 secretaries	8, 444
Total (13)	137, 839

## OFFICE OF COMPLIANCE POLICY AND PROCEDURES

## Departmental:

1 GS-16 Director	16, 016
5 GS-13 compliance officers	58, 655
1 GS-6 secretary	5, 242
2 GS-4 secretaries	8, 444
Total (9)	88, 357

## OFFICE OF RESEARCH AND STATISTICS

## Departmental:

1 GS-15 Director	15, 683
5 GS-13 economists	58, 655
1 GS-5 secretary	4, 701
3 GS-4 secretaries	12, 666
Total (10)	91, 705

## OFFICE OF ADMINISTRATION

## Departmental:

1 GS-15 Director	15, 683
6 GS-11 administrative officers	50, 544
1 GS-5 secretary	4, 701
4 GS-4 secretaries	16, 888
Total (12)	87, 816

## FIELD STAFF

## Field:

6 GS-15 regional directors	94, 098
6 GS-13 assistant regional directors	70, 386
6 GS-13 technical assistance specialists	70, 386
66 GS-12 field investigators	658, 944
6 GS-5 secretaries	28, 206
30 GS-4 secretaries	126, 660
Total (120)	1, 048, 680
Total (190), activity 1	1, 779, 598

## BUDGET REQUEST, 1965

Chairman HAYDEN. Well, we will hear from the Department of Labor representatives who will discuss the budget request for the Equal Employment Opportunity Commission in the amount of \$2,500,000; second, \$100,000 for manpower administrations study on discrimination and employment equality and; three, \$60,000 for the Bureau of Labor Standards which I understand is a request for funds in connection with the President's Committee on Unemployment of the Handicapped. You may proceed as you wish.

Mr. WERTS. Thank you, Mr. Chairman.

It is a real honor to have this opportunity to present our request to this committee. With your permission, I will present a prepared statement for the record. Then, I will make a few comments concern-

ing the reasons why the \$2.5 million requested is needed by the Commission in fiscal 1965.

(The justifications and statement referred to follow:)

STATEMENT BY ASSISTANT SECRETARY WERTS

FUNDS FOR COMMISSION'S ACTIVITIES

I am appearing on behalf of the Equal Employment Opportunity Commission which was created by title VII of the Civil Rights Act of 1964.

The President expects to nominate the members of the Commission in the near future. Meanwhile, it is necessary to request funds for their activities and the Secretary has asked me to testify on behalf of that request which is now before you for \$2,500,000.

It will be very desirable for the Commission to begin to operate as soon as it is sworn in. While its enforcement powers do not become effective until July 2, 1965, the Commission will want to begin immediately to inform the public of the act's requirements so that there will be widespread acceptance of the law when it becomes fully effective.

The functions of the Commission are set forth as an attachment to this statement.

I believe it is desirable and, in fact, realistic for me not to attempt to anticipate the plans of the new Commission. This will be an independent agency, responsible directly to the President, and it will want to give careful thought to its plans for fiscal year 1965. At the same time, I do believe that there are some generalizations that can be made about its activities this fiscal year.

The success or failure of title VII may well depend on the work done by the Commission before July 2, 1965. It will want to achieve widespread public understanding of the fact that the law of the land now requires employment without regard to race, color, religion, sex, or national origin. It will want to make it clear that this requirement is not a burden and not interference in management but, rather, is completely consistent with both equality and efficiency.

Much experience has been gained in the matter of providing equal employment opportunities. The Commission can outline this experience to those affected by the act—to employers, unions, employment agencies, employees, union members, and applicants. The requirements of equal employment are not complex and usually appear eminent<sup>ly</sup> fair when they are explained to people in detail. There are, however, both unwarranted fears and expectations in the minds of people that can be dispelled by explanation. They all should know, for example, that unqualified people are not going to be forced on employers and quotas are not going to be established.

If there is widespread understanding of what equal employment opportunities mean, and do not mean, the task for the Commission, after July 2, 1965, should be significantly lessened.

So during this current year the Commission will want to have its representatives explaining the act to all interested parties all over the country. It will want to provide technical assistance when requested, and it will probably make technical studies on problems and their solutions.

The Commission will also want to seek out the advice of interested parties and solicit their ideas on administering the act. This process will culminate in two significant documents: the Commission's rules and regulations and agreements with States.

The nature of the Commission's activities for fiscal year 1965 are indicated in the last section of title VII. I regard this as so important that I would like to quote it in full:

"(a) The President shall, as soon as feasible after the enactment of this title, convene one or more conferences for the purpose of enabling the leaders of groups whose members will be affected by this title to become familiar with the rights afforded and obligations imposed by its provisions, and for the purpose of making plans which will result in the fair and effective administration of this title when all of its provisions become effective. The President shall invite the participation in such conference or conferences of (1) the members of the President's Committee on Equal Employment Opportunity, (2) the members of the Commission on Civil Rights, (3) representatives of State and local agencies engaged in furthering equal employment opportunity, and (5) representatives of employers, labor organizations, and employment agencies who will be subject to this title."

This conference or series of conferences will be followed by many other meetings. Together they should create an atmosphere of willing compliance and result in fair and efficient, and understood procedures.

Now with respect to the request for \$2,500,000.

First year costs are estimated to be \$1,600,000 for Federal expenses and \$900,000 for State expenses.

There are 22 States covering about one-half of the work force (see list attached) that have statutes which would qualify them for reimbursement for services performed under agreement for the Commission. Pending actual experience we are requesting \$900,000 for this purpose. It will permit an average of reimbursement of \$40,000 per State.

The Federal staff requested is 190 of which 120 would be located in the field, the Commission staff will be 10 and the balance of 60 will be Federal support staff

#### BASIS FOR STAFF ESTIMATES

It is estimated that the legal activities will be substantial the first year: The act will need to be researched and interpreted. States and local laws will need to be reviewed. Rules and regulations and State agreements will need to be developed and cleared. Coordinated procedures will need to be developed with States. States that want to enact statutes will need to be advised.

The information, education, and technical assistance functions will be most important in the first year in order to establish a basis for willing compliance after July 2, 1965.

Mr. Chairman, this completes my statement—the budget estimate has more details of the request. I will be glad to answer any questions you may have.

[Attachment]

#### FUNCTIONS OF THE COMMISSION

1. It will accept charges of unlawful employment practices, investigate the charge, and, when there is reason to believe the charge is true, it will endeavor to eliminate any unlawful practice through conference, conciliation, and persuasion (sec. 706(a)).

2. If the Commission is unable to obtain voluntary compliance, it will notify the complainant, who may, then, institute a civil suit (sec. 706(e)).

3. The Commission may refer matters to the Attorney General with a recommendation for intervention or for the institution of civil action, and it may assist him (sec. 705(g)(6)). The Attorney General may seek relief for patterns or practices of resistance as well as intervene in a private suit (sec. 707(a)).

4. The Commission may furnish technical assistance to those subject to the title (sec. 705(g)(3)).

5. The Commission may make technical studies and make the results available to the public (sec. 705(g)(5)).

In carrying out these responsibilities, the Commission may utilize several procedural and administrative devices:

1. It may cooperate with State and local fair employment practice bodies, utilize their services on a reimbursable basis, enter into written agreements with them, and cede jurisdiction to them (sec. 709(b)).

2. It may prescribe recordkeeping and reporting requirements and issue exemptions (sec. 708(c)).

3. It may issue procedural regulations, and appropriate interpretations and opinions (sec. 713(a) and (b)).

4. It may cooperate with other departments and agencies on educational and promotional activities (sec. 705(i)).

Under title VII, items 1, 2, and 3, the Commission's enforcement powers will not become effective until July 2, 1965.



## STATES WITH WHICH EEOC MIGHT MAKE AGREEMENTS

The following States have statutes that may qualify them to make agreements with the EEOC under title VII:

- |                |                   |                  |
|----------------|-------------------|------------------|
| 1. Alaska      | 9. Kansas         | 17. Ohio         |
| 2. California  | 10. Massachusetts | 18. Oregon       |
| 3. Colorado    | 11. Michigan      | 19. Pennsylvania |
| 4. Connecticut | 12. Minnesota     | 20. Rhode Island |
| 5. Delaware    | 13. Missouri      | 21. Washington   |
| 6. Hawaii      | 14. New Jersey    | 22. Wisconsin    |
| 7. Illinois    | 15. New Mexico    |                  |
| 8. Indiana     | 16. New York      |                  |

## PROVISION OF TITLE VII, CIVIL RIGHTS LAW

Mr. WERTS. By way of introduction, Mr. Chairman, I would like to say first that the civil rights law, title 7, concerning equal employment opportunities, will not in itself accomplish the objectives of equal opportunity and elimination of discrimination.

Mr. Alexander M. Bickel, who is a member of the faculty of Yale Law School, in a recent article, and I would like to quote a couple of sentences from this article, says that:

The enactment and enforcement of law are sometimes only episodes, even if the single most important and influential ones in a long and varied process by which society working through a number of institutions manages to realize a given purpose.

He also says:

A normal rate of enforcement is part of the process of persuasion and inducement. But other means of pressure and inducement must also be employed.

I think it is fair to say that the President's Committee on Equal Employment Opportunities which, as you know, sets up standards for the contractors who do business with the Federal Government, have achieved their purpose in a very large measure through persuasion, education, and voluntary effort.

The provisions of this law, title VII, and the various congressional reports and the congressional discussion, indicate the program actions which the Commission needs to take particularly in this fiscal year of 1965.

## ESTABLISHMENT OF COMMISSION

Chairman HAYDEN. How long has the Commission been in existence?

Mr. WERTS. The Commission has not yet been established. The President requested the Secretary of Labor to prepare and present this budget and asked us to appear here to defend the budget.

Chairman HAYDEN. In other words, you are asking for this \$2.5 million as a first payment?

Mr. WERTS. This is the first request for this Commission, that is right.

## ACTIVITIES OF COMMISSION

I would just like to list, without a lot of explanation, several activities in which the Commission will be engaged this first year after it is established.

First, the law, itself, provides that there shall be Presidential conferences called, with representatives of employers, employment agencies and labor unions, State agencies that have equal employment op-

portunity laws, the President's Committee on Equal Employment Opportunity, private groups, churches, religious groups, to get their advice and assistance on how this law might be administered and to inform them of the provisions of this law.

This will require the Commission to prepare for these conferences, both national and regional and local conferences of these same groups.

#### REVIEWS AND ANALYSES

The second activity will be to review and analyze State and local government experience and also the experience of the President's Committee on Equal Employment Opportunities and the Plans for Progress, which is a voluntary employer's association, and to prepare materials that will be helpful to employers, employment agencies, and labor unions.

#### STATE AND LOCAL AGREEMENTS

The third activity would be to arrange cooperative agreements with the State and local governments. As you know, title 7 provides that the Federal Commission will cooperate and work through, wherever possible, the State agencies that are administering the equal employment opportunity legislation.

#### RIGHTS AND OBLIGATIONS UNDER LAW

A fourth activity will be to inform those subject to the law of their rights and their obligations. This will require us to prepare material directed to employers, employment agencies, labor unions, and others.

Chairman HAYDEN. It would seem to me to be more important, not only important but what does the man have to do, himself, is what really would get results.

Mr. WERTS. That is quite right, Mr. Chairman. I would say that the fifth item, maybe this is not put in the proper order of priority, is to inform those who are to be assisted by the law of their rights and obligations as well as those who have the rights and obligations for avoiding discrimination in the employment process.

Chairman HAYDEN. It would be an easier task to inform the employer than it will be the employee.

Mr. WERTS. Yes. As you have indicated, both will have to have information.

#### UNDERSTANDING AND ACCEPTANCE

A sixth item of activity is that the Commission will assist the groups and organizations that are in favor of the equal employment opportunity to bring about understanding and acceptance by their groups, that is the churches and the selected employer groups and professional societies and others.

#### RULES AND REGULATIONS

A seventh activity would be to prepare the rules and regulations related to enforcement, such as those dealing with the records to be maintained and reports to be made to the Commission.

#### CONFERENCES, CONCILIATION, AND MEDIATION

An eighth activity would be to conduct informal conferences, and use conciliation and mediation to eliminate discrimination where this method would be successful in eliminating discrimination.

## TECHNICAL STUDIES

A ninth activity would be to make technical studies as may be appropriate, which is also provided for in title 7.

## COOPERATIVE ARRANGEMENTS

The 10th and last point I would list would be to develop cooperative arrangements with other departments and agencies in the Federal Government in the performance of its educational and promotional activities.

This is an activity which has been spelled out also in title 7.

Those, Mr. Chairman, are the activities which would need to be carried on in fiscal 1965 and provides the basis for this request. I will be personally very happy to attempt to answer any questions.

I have with me also Mr. Kenneth Robertson, Deputy Solicitor of Labor to assist where he can.

Chairman HAYDEN. What you have testified to is the first item of equal employment opportunity and appropriation in the amount of \$2.5 million.

Mr. WERTS. That is correct. And there is a second item which we can deal with now or later.



## SPECIAL STUDY ON DISCRIMINATION IN EMPLOYMENT BECAUSE OF AGE

(The justifications and statement follow :)

### PROPOSED LANGUAGE

*"For expenses necessary to conduct a study of the factors which might tend to result in discrimination in employment because of age, as provided by section 715 of the Civil Rights Act of 1964 (Public Law 88-352), \$100,000."*

### EXPLANATION OF LANGUAGE

For expenses of the Department of Labor in making a study on discrimination in employment because of age as provided in section 715 of the Civil Rights Act of 1964 enacted on July 2, 1964. The act directs the Secretary of Labor to make a study of discrimination in employment because of age and requires a report to the Congress before June 30, 1965, on the findings of that study. A substantial amount of data has already been collected on the subject, and studies already planned as a part of the manpower research program of the Department will provide additional information which will be analyzed and used in the preparation of the report.

#### *Amounts available for obligation*

	1964	1965
Appropriation or estimate.....	-----	\$100,000

#### *Obligations by activity*

Description	Appropriation, 1964		Estimate, 1965		1965 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Study of discrimination in employment because of age.....	-----	-----	-----	\$100,000	-----	+\$100,000
Total obligations.....	-----	-----	-----	100,000	-----	+100,000

#### *Obligations by object*

	Appropriation, 1964	Estimate, 1965	1965 change
Total number of permanent positions.....	-----	-----	-----
Average number of all employees.....	-----	2	+2
11 Personnel compensation.....	-----	\$21,400	+\$21,400
12 Personnel benefits.....	-----	1,200	+1,200
21 Travel and transportation of persons.....	-----	4,000	+4,000
3 Rent, communications, and utilities.....	-----	500	+500
24 Printing and reproduction.....	-----	2,500	+2,500
25 Other services.....	-----	70,000	+70,000
26 Supplies.....	-----	400	+400
Total obligations.....	-----	100,000	+100,000

*Summary of changes*

1964 appropriation	-----	
1965 estimate	-----	\$100,000
Total change	-----	+100,000

## PROGRAM ITEMS

Increases: Necessary expenses to conduct a study of factors tending to result in discrimination in employment because of age and of the consequences of such discrimination on the economy and the individuals affected	-----	+100,000
Total change	-----	+100,000

## NARRATIVE DESCRIPTION OF PROGRAM

Title VII, section 715, of the Civil Rights Act of 1964, Public Law 88-352, requires the Secretary of Labor to make a full and complete study of the factors which tend to result in discrimination in employment because of age and of the consequences of such discrimination on the economy and individuals affected. The act further provides that "the Secretary of Labor shall make a report to the Congress not later than June 30, 1965, containing the results of such study and shall include in the report such recommendations for legislation to prevent arbitrary discrimination in employment because of age as he determines advisable." [Emphasis added.]

This one-time report to the Congress calls for the most comprehensive study yet prepared on the specific problem of discrimination in employment on account of age. Its preparation will require an analysis in greater depth than has yet been made of the factors underlying such discrimination coupled with an intensive study of the economic consequences for individuals and the effects upon the economy as a whole. So far only general observations have been made on these economic losses.

The requirement that the Secretary of Labor make such recommendations for legislation as he determines to be advisable will require special studies of the effectiveness of existing State legislation and of the initial results of Executive Order No. 11141, signed February 12, 1964, establishing a Federal policy against discrimination in employment on account of age.

In the preparation of this report to the Congress, the Department of Labor will make use of all available information including the studies conducted in 1963 for the report to the President by the President's Council on Aging in January 1964. It will utilize all appropriate materials assembled regularly and in special studies within the Department by the Bureau of Labor Statistics, the Bureau of Employment Security, and the Office of Manpower, Automation, and Training, and also those conducted by other agencies both in the United States and abroad.

This request is, therefore, confined to funds needed to conduct special studies in particular, for specialized contract services by experts in technical phases of the questions to be covered in this special report.

Approximately two-thirds of the funds requested will be devoted to the analysis of factors underlying age discrimination in employment and their consequences for individuals and the economy, including the cost of planning, supervising, writing, and printing of the report, and one-third to a special inquiry into the effectiveness of existing State laws and the recent Executive order, in preparation for legislative recommendations.

Special studies for which funds are requested to supplement analysis of available information includes the following:

1. *Study of factors resulting in discrimination in employment because of age*

Experience indicates that major factors in age discrimination include employer practices, policies, and attitudes on the one hand, and the qualifications, characteristics, and attitudes of older workers on the other.

On the employer side, it is proposed to study in depth, within the time limit available, some of the principal reasons for not hiring older workers previously obtained from employers in eight cities in response to an Employment Security Agency inquiry in 1963 in connection with the report to the President by the President's Council on Aging.

Among the reasons most frequently cited is the alleged higher costs of pension and insurance benefits for older workers. Relatively few studies are available

which attempt to analyze the extent to which such costs actually do rise with increasing age of employees. It is proposed to examine this issue in more detail and to analyze the several varieties of private pension plans to determine which, if any, have the most serious impact on hiring costs. Consideration could then be given to specific provisions in which adjustments might be devised to permit hiring older workers. Interviews will be conducted by experts, especially engaged for this purpose, with a small selected group of banks, insurance companies and other agencies which manage pension funds, and with personnel offices in several industries.

On the workers' side, such characteristics as educational attainment, occupational skills, race, etc. will be examined to determine the extent to which they appear to limit employment opportunities for older workers. Special attention will be given to the reasons for recent declines in labor market participation among older workers, particularly among adult male Negroes where labor market participation rates are significantly below those of their white counterparts. A comparison will also be made of the characteristics of employed and unemployed older workers to determine whether there are significant differences between the two groups.

This portion of the report will utilize existing studies of older workers which will be reexamined and retabulated to determine whether new light can be thrown on the ability of older workers. Recent studies of research by physicians and psychologists both here and abroad will also be looked into for additional clues as to the validity of reasons alleged for discrimination because of age.

## *2. Appraisal of experience with State antidiscrimination laws and Executive Order No. 11141*

Various legislative proposals to deter discrimination in employment on account of age have been before recent sessions of the Congress, but none have been enacted. The Civil Rights Act further defers legislation pending this study, provided for in title VII, section 715. Before the Secretary can make specific recommendations, it is important to appraise experience under State laws and the recent Executive order on this subject.

The Secretary of Labor is calling a conference in August 1964 of State administrators of antiage discrimination laws in the 17 States and Puerto Rico which now have such laws, as part of the program to implement civil rights legislation. Although its primary purpose is to stimulate more active State programs to effectuate the basic purposes of the Civil Rights Act, this conference will also provide information on the provisions of these laws which have been most effective, the difficulties of enforcement, administration, etc., and will thus help to provide a basis for appraising possible legislative proposals at the Federal level, as required in this report. Following this conference, it is proposed to follow up on specific details by interviews with officials in selected States which have had particularly valuable experience.

The planning for this conference is based in part upon a questionnaire sent in 1963 to these 17 States and Puerto Rico concerning experience under their antiage discrimination laws for the report on the older American worker by the President's Council on Aging. It was then found that these laws were being administered actively in only 11 States, indicating the need for stimulating interest and effective action. The responses to these questionnaires were too general to be used in considering legislation, however, so that further followup is needed.

Executive Order No. 11141 establishing a Federal policy against discrimination in employment on account of age for Federal contractors and subcontractors was signed on February 12, 1964. Amendments to the Federal procurement regulations and the armed services procurement regulation were issued early in May and the policy is now being widely publicized by the procurement agencies and the Department of Labor. Before proposing any further action in this area, its effectiveness should be appraised.

This will be done in two ways: (a) Analysis of reports from procurement agencies, the U.S. Employment Service and other agencies concerning their experience under the order, including analysis of complaints, and interviews with a limited number of defense contractors and with officials of the procurement agencies; (b) analysis of the help-wanted advertisements by Federal contractors and subcontractors in leading cities in the spring of 1964 before the amended regulations were issued and in the spring of 1965 to judge the extent of improvement, under special contract.



The total estimated cost is \$100,000. This covers the cost of planning, coordinating, conducting and supervising the studies, processing the results, and preparation of the report.

It is proposed to provide a small staff of a GS-15 research economist who is a specialist in this field and a GS-6 secretary for a period of 10 months during fiscal year 1965 to plan and direct these studies, to carry out many of the interviews, and to prepare the report. These two positions are to be temporary since the act provides for a report to the Congress by June 30, 1965. It is also anticipated that the services of a consultant on older workers will be utilized for technical aspects of the report. The principal special studies listed above will be contracted to appropriate offices in the Department (e.g., the Bureau of Labor Statistics, Bureau of Employment Security, or the Office of Manpower, Automation, and Training) or to outside specialists (e.g., a clipping service on advertisements).

The costs for the small coordinating staff and related costs, the services of a consultant, and the costs of printing the report to Congress are estimated at \$30,000 and the costs of the various studies and surveys are estimated at \$70,000 making a total cost of \$100,000.

#### EXPLANATION OF ESTIMATE BY OBJECT

##### *Personnel compensation, \$21,400*

This estimate provides for two temporary positions for a period of 10 months at a cost of \$17,350 and \$4,050 for one consultant for 54 days at \$75 per day.

##### *Personnel benefits, \$1,200*

This estimate is based upon personnel compensation and represents the cost of retirement, insurance, FICA, and health benefits.

##### *Travel and transportation of persons, \$4,000*

This estimate provides per diem, mileage, and transportation costs for the temporary staff and consultant travel.

##### *Rent, communications, and utilities, \$500*

This estimate provides for communication services for a 10-month period for the two temporary positions.

##### *Printing and reproduction, \$2,500*

This estimate provides for the printing of the Secretary's report to Congress and miscellaneous reproduction costs.

##### *Other services, \$70,000*

This estimate provides for contractual costs to conduct the various discrimination studies and surveys.

##### *Supplies and materials, \$400*

This estimate provides for the cost of desk top supplies, duplicating supplies, envelopes, and letterheads for the temporary positions.

#### SUMMARY OF NEW POSITIONS

None.<sup>1</sup>

#### STATEMENT OF LEO R. WERTS, ASSISTANT SECRETARY OF LABOR

##### STUDY AND REPORT ON FACTORS AFFECTING DISCRIMINATION

The Civil Rights Act recognizes the importance of age discrimination in employment but does not include age with race, creed, etc., in the main body of the law. Instead it requires a special one-time study and report by the Secretary of Labor on discrimination in employment on account of age, including any recommendations for legislation which appear to be advisable. This separate treatment recognizes that a different set of factors may be operating in the case of age discrimination, and that different approaches may be needed to forestall or prevent it.

This special study and report is to be directed, not to general questions of employment of older workers such as other recent reports may have dealt with, but to factors affecting discrimination because of age per se and to the consequences upon individuals and the economy. It will require study of these fac-

<sup>1</sup> No full-time positions involved.

tors in much greater depth than has hitherto been done, and this, together with consideration of the advisability of legislation, will require work not now programmed by the Department of Labor.

The time for preparation is short. To assemble an effective report, with recommendations on legislation, that is responsive to these questions before June 30, 1965, will require some expert assistance in particular specialists such as the effect of pension plans, for example. It is important to use our present staff, especially in the Employment Service, on action programs designed to help older persons who want work to find it. Ending discrimination of all kinds in employment—in this case age discrimination—is our prime objective. I do not want to draw off the few specialists we have who are thoroughly knowledgeable about the problems of trying to place older workers in jobs to undertake this report.

I have, therefore, requested \$100,000 for compiling and preparing the report and recommendations. There is an extensive body of research now available with respect to employment of older persons. This will all be used. Without this background, accumulated over the years, a comprehensive report such as is here required would be virtually impossible. Its cost would be prohibitive.

For purposes of this report under the Civil Rights Act one of the most significant findings out of our experience is that restrictions are most prevalent in occupations where it is very difficult to see any real reason for them—clerical and sales work, and professional and managerial jobs. Certainly there appears to be no physical limitations such as heavy lifting or strenuous work involved in any of these. The fewest age restrictions are in the traditional skilled crafts—carpenters, plumbers, etc., and in the service occupations. We now propose to send skilled interviewers to talk with key employers in some of these industries and occupations to find out why these age limitations exist. We suspect that they reflect tradition and custom, and represent, in fact, old fashioned personnel policy not geared to the manpower facts of the mid-1960's.

We propose to inquire into the validity of the reasons given to us by employers for not hiring older workers. Emphasis will be put on questions concerning costs of pensions and other benefits and alleged slowness in learning new tasks. While employers rate their own older workers highly, and often have very generous provisions for their retention and retraining in case of changes in assignment, the fact is that 90 percent of new employees hired by large employers and 85 percent by smaller firms reporting in a 1963 study conducted by the Employment Service in eight cities were under 45.

If we are going to frame effective programs, we need to get at the real reasons for these hiring policies, and this will require personal interviews and careful analysis.

In appraising the effects on individuals and the economy, we will make use of research already completed or scheduled by the Bureau of Labor Statistics, Office of Manpower, Automation, and Training, and the Bureau of Employment Security.

Before any legislative recommendations can be considered, it is essential to know what experience has been under existing State laws, and under the recent Executive order (No. 11141, February 12, 1964) establishing a policy against age discrimination in employment by Federal contractors and subcontractors. Seventeen States and Puerto Rico now have such laws. A list of these States is appended.

A questionnaire was sent to all of these States in 1963 concerning experience under their laws in preparation for the report on the older American worker by the President's Council on Aging. This inquiry was made by mail questionnaire, and some States did not reply in detail. For this reason, we did not really get at the root of the problems encountered in the States, nor explain why some of their laws were virtually inoperative. In order to stimulate more active State programs to effectuate this basic purpose of the civil rights bill, which is, after all, to reduce discrimination in employment, the Department of Labor is calling a conference of the State administrators of antiage discrimination laws. The discussions at the conference will provide information on the provisions which have been effective, the difficulties of enforcement, the need for educational programs, etc., and the States' point of view on possible Federal legislation. After this conference, it is proposed, as a part of this program, to follow up with interviews with officials in a few States which have had particularly valuable experience. This should give us a far better view than we now have of the effectiveness of various aspects of legislation in dealing with age discrimination.

Experience under Executive Order No. 11141 (February 12, 1964) establishing a public policy against discrimination on the basis of age by Federal contractors and subcontractors will be appraised in two ways: (a) Analysis of reports from procurement agencies, the U.S. Employment Service and other agencies concerning their experience under the order, including analysis of complaints; (b) analysis of the help-wanted advertisements by Federal contractors and subcontractors in selected leading cities in the spring of 1964 and in the spring of 1965 to judge the extent of improvement.

The Department of Labor welcomes the opportunity to undertake this study. Much more attention needs to be given to employment opportunities to maintain incomes for people over 45 who are not yet ready to retire. We should get a good deal of practical information for future programs from the inquiries which will be necessary to prepare this report.

STATES WHICH HAVE LAWS AGAINST AGE DISCRIMINATION AND THEIR  
EFFECTIVE DATES

Colorado (1903)	Connecticut (1959)	California (1961)
Louisiana (1934)	Wisconsin (1959)	Ohio (1961)
Massachusetts (1950)	Oregon (1959)	Washington (1961)
Rhode Island (1956)	Alaska (1960)	New Jersey (1962)
Pennsylvania (1956)	Delaware (1960)	Nebraska (1963)
New York (1958)	Puerto Rico (1961)	Hawaii (1964)

Source: U.S. Department of Labor, Bureau of Labor Standards, "Brief Summary of State Laws Against Discrimination in Employment—Older Workers" (Fact Sheet No. 6-B). See also President's Council on Aging, report to the President, January 1964, p. 42.

Chairman HAYDEN. Now, the second item is \$100,000 for manpower administration, a special study on discrimination in employment because of age. What about that?

Mr. WERTS. Section 715 under title 7 provides that the Secretary of Labor shall make a study of discrimination that arises in employment because of age. This is a one-time study. It would be to report to Congress and to recommend whether or not legislation is needed in this area.

Chairman HAYDEN. What could Congress do if a corporation decides that when a man arrives at the age of 65 they should retire him?

Mr. WERTS. This I think is a good question, Senator Hayden. Our analysis of the situation would recommend whether or not, in our judgment, the Congress might consider legislation in this area.

Chairman HAYDEN. I am asking that at the age of 86. So, it won't affect me.

USE OF FUNDS REQUESTED

Mr. WERTS. This \$100,000 would be used not to duplicate the many studies that have been made already on the subject but would take advantage of these studies and pull together and make an analysis of discrimination because of age in employment and make recommendations with respect to whether legislation is needed to avoid or prevent such discrimination in the future.



## BUREAU OF LABOR STANDARDS

### PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE HANDICAPPED

#### STATEMENT OF WILLIAM P. McCAHILL, EXECUTIVE SECRETARY, THE PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE HANDI- CAPPED

##### REQUEST FOR ADDITIONAL FUNDS

Chairman HAYDEN. The last item you have is \$60,000 for the Bureau of Labor Standards which I understand is a request for additional funds to strengthen the President's Committee on the Employment of the Handicapped.

Mr. McCAHILL. The Congress this summer raised our ceiling to \$400,000. Since 1947 when the committee was established we have been operating at a ceiling somewhat lower than that.

##### ADDITIONAL JOBS FOR RETARDED AND RESTORED

Three years ago it went up to \$300,000. Both the Senate and the House for some time have been anxious to have us do more work in the field of promoting additional jobs for the retarded and for the restored.

The bulk of this extra money which we needed in the last 2 or 3 years will be used in that area. We do not plan to ask for any moneys more than that in 1966. I have a two-paragraph statement I would like to file with the committee, sir.

(The statement referred to follows:)

##### STATEMENT OF EXECUTIVE SECRETARY McCAHILL

##### JOB OPPORTUNITIES FOR MENTALLY RETARDED AND RESTORED

Mr. Chairman, members of the Appropriations Subcommittee, for the past 2 fiscal years the President's Committee has been handicapped by its previous ceiling of \$300,000. With passage of Public Law 88-321, 88th Congress, Senate Joint Resolution 103, and its signature by the President this summer, our ceiling was raised to \$400,000. The funds requested, \$60,000 above those submitted to the Congress previously, will enable the committee to move forward in increasing job opportunities for the mentally retarded and the mentally restored. No further increases are contemplated for fiscal year 1966.

This increase will enable the committee to stimulate additional employment opportunities for both the mentally retarded and the mentally restored; for increasing the size, quality, and circulation of our monthly magazine, Performance, for budgeting for the first time the cost of exhibits and exhibiting at major national and regional meetings; for increased travel to State and local committees under a new program which will deemphasize regional meetings in favor of State help and for a modest staff increase with which to handle the tremendous overload which has been forced upon us due to recently adopted promotional programs and those being planned in the field of jobs for handicapped teachers and more opportunities for the handicapped in an agricultural environment, not to mention the greatly expanded activities of the women's committee.

(The justifications referred to follow :)

SALARIES AND EXPENSES

“For expenses necessary for the promotion of industrial safety, employment stabilization, and amicable industrial relations for labor and industry; performance of safety functions of the Secretary under the Federal Employees' Compensation Act, as amended (5 U.S.C. 784(c)), and the Longshoremen's and Harbor Workers' Compensation Act, as amended (72 Stat. 835); and not less than **[\$303,000]** \$369,300 for the work of the President's Committee on Employment of the Handicapped, as authorized by the Act of July 11, 1949 (63 Stat. 409) : **[\$3,470,000]** \$3,256,000: *Provided*, That no part of the appropriation for the President's Committee shall be subject to reduction or transfer to any other department or agency under the provisions of any existing law; including purchase of reports and of material for informational exhibits.”

	Budget request	Budget estimate	House allowance	Senate allowance	Appropriation
1955.....	\$917,300	\$795,000	\$665,000	\$692,500	\$735,000
1956.....	1,103,900	909,000	817,500	845,000	866,500
1957.....	1,022,500	1,000,000	911,500	960,000	911,500
1958.....	1,243,055	1,204,000	1,022,000	1,022,000	1,022,000
1959.....	1,956,300	1,778,000	1,724,600	1,728,800	1,728,800
1960.....	2,807,200	2,680,000	2,488,000	2,488,000	2,488,000
1961.....	2,849,700	2,522,000	2,522,000	2,522,000	2,522,000
1962.....	3,307,000	3,258,000	3,258,000	3,258,000	3,258,000
1963.....	<sup>1</sup> 4,439,300	<sup>2</sup> 4,014,000	<sup>3</sup> 3,890,250	<sup>4</sup> 3,342,250	<sup>4</sup> 3,342,250
1964.....	4,644,000	3,470,000	3,470,000	3,470,000	3,470,000
1965.....	3,665,000	3,545,000	<sup>5</sup> 3,196,000		
Supplemental.....	60,000	60,000	(6)		

<sup>1</sup> Excludes \$54,400 for welfare and pension activities.

<sup>2</sup> Excludes \$54,000 for welfare and pension activities.

<sup>3</sup> Includes \$556,300 for welfare and pension activities.

<sup>4</sup> Excludes \$1,300,000 for welfare and pension activities.

<sup>5</sup> This reflects proposed transfer to the Bureau of Employment Security of \$320,000 out of this appropriation in accordance with the House Appropriations Committee report.

<sup>6</sup> Not considered.

Amounts available for obligation

	House allowance, 1965	Revised estimate, 1965
Appropriation or estimate.....	\$3,196,000	\$3,256,000

Obligations by activity

Description	House allowance, 1965		Revised estimate, 1965		1965 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Improving State labor legislation.....	25	\$296,100	25	\$296,100		
2. Improving conditions of migratory workers.....	11	121,300	11	121,300		
3. Reducing industrial accidents.....	162	1,880,500	162	1,880,500		
4. Protecting young workers and advancing their employment opportunities.....	26	332,500	26	332,500		
5. Promoting employment of the handicapped.....	24	309,300	28	369,300	+4	+\$60,000
6. Administration and management services.....	26	256,300	26	256,300		
Total.....	274	3,196,000	278	3,256,000	+4	+60,000

Obligations by object

	House allowance, 1965	Revised estimate, 1965	1965 change
Total number of permanent positions.....	274	278	+4
Average number of all employees.....	266	270	+4
11 Personnel compensation.....	\$2,388,000	\$2,409,400	+\$21,400
12 Personnel benefits.....	174,200	175,700	+1,500
21 Travel and transportation of persons.....	192,400	195,400	+3,000
22 Transportation of things.....	16,000	16,000	-----
23 Rent, communications, and utilities.....	88,700	89,200	+500
24 Printing and reproduction.....	149,100	173,200	+24,100
25 Other services.....	135,200	143,200	+8,000
26 Supplies and materials.....	37,500	38,000	+500
31 Equipment.....	14,900	15,900	+1,000
Total obligations.....	<sup>1</sup> 3,196,000	3,256,000	+60,000
Working capital fund items included above.....	(145,100)	(145,100)	(-----)

<sup>1</sup> This reflects proposed transfer to the Bureau of Employment Security of \$320,000 out of this appropriation in accordance with the House Appropriation Committee report.

Summary of changes

1965 House allowance.....	\$3,196,000
1965 revised estimate.....	3,256,000
Total change.....	+60,000

PROGRAM ITEM

Increase: To provide for expanded services of the President's Committee on Employment of the Handicapped particularly in its efforts to promote employment of the mentally retarded and mentally restored (4 permanent positions \$22,900; nonlabor \$37,100) -- +60,000

ACTIVITY 5. PROMOTING EMPLOYMENT OF THE HANDICAPPED

(1964, \$303,000; 1965 approved, \$309,300; 1965 revised, \$369,300)

NARRATIVE DESCRIPTION OF PROGRAM

Services are provided for the President's Committee on Employment of the Handicapped, which develops and stimulates interest in employment of the mentally and physically handicapped through work with Federal agencies, State Governors' committees, and committee-member organizations, and cooperates with a variety of organizations working in the international field.

CHANGES FOR 1965

The Committee proposes an increase of \$60,000 in its pending 1965 budget request.

Major program increases are in the area of stimulating increased employment opportunities for both the mentally retarded and the mentally restored; for increasing the size, quality, and circulation of our monthly magazine, Performance; for budgeting for the first time the cost of exhibits and exhibiting at major national and regional meetings; for increased travel to State and local committees under a new program which will deemphasize regional meetings in favor of State help for a modest staff increase with which to handle the tremendous overload which has been forced upon us due to recently adopted promotional programs and those being planned in the field of jobs for handicapped teachers and more opportunities for the handicapped in an agricultural environment, not to mention the greatly expanded activities of the Women's Committee.

The changes include the following:

- (a) Four additional positions.
- (b) Approximately \$8,000 for our previously unbudgeted exhibits program.
- (c) Approximately 100 days of extra travel to States, \$3,000.



(d) Some \$24,000 additional for printing and promotion primarily for jobs for the mentally retarded and mentally restored.

*Stimulating increased employment opportunities for both the mentally retarded and the mentally restored*

Mental illness and mental retardation are among the most widespread disabilities in America today. There are more persons hospitalized for mental illness than for all the other diseases of mankind combined. More than 17 million people have mental disturbances severe enough to require treatment. The number of the mentally retarded exceeds 5,500,000, and more than 100,000 babies each year are destined to be struck by retardation.

Public understanding of the mentally restored and mentally retarded is growing—but it still has a long, long way to come before these two groups can achieve anything like equal job opportunity.

*The mentally restored.*—Two surveys have been made of employer attitudes, in recent years. One, covering 2,000 employers of all sizes, showed that 20 percent would be willing to hire the mentally restored; 80 percent exhibited varying degrees of coolness to the idea. Another survey, of New England, showed that about 25 percent of employers would hire the restored (or said they would); yet 5 percent actually did hire.

Time after time the President's Committee has asked business and industry now hiring the restored for permission to write articles about their experiences—so that other employers might emulate them. Time after time the Committee has been rebuffed; employers are not willing to admit to their hiring practices. (At one time, this reluctance was true of employers hiring the physically handicapped; it isn't, any longer.)

The hiring of the mentally restored still is a very, very new notion in America. Drugs and modern therapies have come into their own only within the past 7 years. It's only that recently that mental patients have been coming out of hospitals in appreciable numbers, ready and willing to work.

They're the first shock troops of others to follow, so to speak. Certainly, they run into roadblocks because attitudes have been shaped in earlier days before therapeutic advances have been so great. Modern medicine has forged ahead of modern attitudes.

The Federal Government is attempting to lead the way, of course. The Civil Service Commission has a 700-hour provision, allowing for the hiring of ex-mental patients temporarily, at least long enough to give them working experience. Also, because of the leadership of the President's Committee, the Civil Service Commission last year held a series of seminars for top executives of half a dozen Federal agencies (including Labor, HEW, VA, Commerce, Agriculture, CSC itself), educating them as to the employability of the mentally restored.

But Government's progress is slow; after all, Government officials' attitudes are no different from those of anybody else. The educational job ahead still is tremendous.

*The mentally retarded.*—Two comprehensive surveys of employer attitudes have been conducted. One indicated that the average employer considers the mentally retarded person as totally retarded, incapable of anything. The other indicated that the average employer considers the retarded as extremely slow and all thumbs, incapable of learning.

These attitudes have to be overcome.

In this area, the Federal Government is showing a great deal of leadership. A new program of hiring the retarded for certain Federal jobs has been gaining steam, with more than 100 employed in the Washington area alone. CSC is enthusiastically behind this, to the point of assigning one person in its Medical Division to work almost exclusively on the mentally retarded program.

The President's Committee is using the CSC program to good advantage. It has been urging Governors of the States to adapt the program to State jobs; so far, 35 Governors have promised action. Its next step will be to use the CSC experience as a wedge in getting big business to follow suit.

*A short look ahead.*—The Kennedy mental health-mental retardation program, now law, will create a new direction in the care and rehabilitation of the mentally restored and mentally retarded. Institutional care will be downplayed; hometown care will be stressed, in special hometown comprehensive centers.

This means that more and more of the restored and retarded will be made ready to join the labor force. But this means, too, that more and more effort must be expended in breaking down employer resistance.

This look ahead is not far out in the future, either. A number of the centers now are under construction; and, as States finish their statewide surveys of needs, more and more will be built with Federal aid. The President's Committee's work is cut out for it for a long time to come.

*Increasing the size, quality, and circulation of the monthly magazine performance*

Present circulation is limited to 17,000; contemplated circulation would be 25,000. This is necessary to fill requests from persons who definitely should be receiving Performance and who need it as a resource in their own efforts. Examples are mental health and mental retardation societies, Civil Service coordinators responsible for furthering job opportunities for the handicapped in the Federal Government, members of Governors' committees on employment of the handicapped, interested employer groups such as Kiwanis and Civitan, and so on.

Because of the current tight limit on circulation, the President's Committee actually has turned down requests from Kiwanis and Civitan, thus missing opportunities to reach directly thousands of employers across the Nation.

Size of the magazine would be increased from 16 to 20 pages. The additional pages would be devoted largely to employment of the mentally handicapped. Since the President's Committee has broadened its scope to include these two groups, it is a matter of logic to broaden the size of its own magazine to do them justice.

*Budgeting the cost of exhibits and exhibiting at major national and regional meetings*

In its earlier days, the President's Committee had a casual exhibits program, using funds from its printing allocations to produce inexpensive multiple copies of portable cardboard exhibits for Governors' committees. The past 2 years, however, witnessed a new development in the exhibits field for which we had not previously budgeted.

Our exhibit opportunities have become far more numerous, and the type of exhibits requested of us have become much more sophisticated. No longer can we count entirely on inexpensive generalized exhibits, designed for all purposes. Individual audiences—made up of persons in positions vital to the cause of the handicapped—want, and have every right to expect, thought-provoking, convincing, effective exhibits. For example, the President's Committee's medical exhibit was a blue ribbon first prize at the Industrial Medical Association convention 2 years ago. This exhibit caused much comment and, we know, helped immeasurably in spreading medical understanding of the job potentials of the handicapped.

Exclusive of requests from Governors' committees, the President's Committee expects invitations to exhibit at conventions such as these in 1964 as well as 1965: National Association of Insurance Agents, American Library Association, National Association for Retarded Children, American Personnel & Guidance Association, American Academy of General Practice, American Industrial Health Conference and others.

A review of fiscal year 1963 exhibit expenditures indicated a cost of \$7,706, mainly for shipping and refurbishing; in most cases exhibit space was given to us without charge, and we were able to obtain the services of local talent to man the exhibits.

*Increased travel to State and local committees under a program emphasizing State help*

It has been determined that some specific action programs be turned over to the various States, whenever possible, for execution, rather than maintained at the Committee level. This trend toward State-administered programs would (a) bring them closer to grassroots levels where they rightly belong; (b) breathe new life into Governors' and mayors' committees on employment of the handicapped; (c) allow the President's Committee itself a bit more freedom and leeway in developing new action programs and projects.

At the same time, recent studies conducted by the Vocational Rehabilitation Administration and Bureau of Employment Security indicate that not all Governors' committees operate at the same level of effectiveness. Some, obviously, are better than others. Some need more guidance and assistance than others.

The President's Committee intends to send staff members to the Governors' committees—particularly those in need of strengthening—to hold "shirt sleeve" sessions with them and provide them with guidance in conducting various pro-

grams in behalf of jobs for the handicapped. By enhancing the effectiveness of Governors' committees, the President's Committee will be adding immeasurably to the effectiveness of the entire hire-the-handicapped program.

## EXPLANATION OF ESTIMATE BY OBJECT

*Personnel compensation, \$21,400*

The estimate provides for four permanent positions or 3.6 man-years at \$21,300 and \$100 for the extra day's pay.

*Personnel benefits, \$1,500*

The estimate provides for all costs for retirement or social security, life and health insurance for the new positions requested.

*Travel and transportation of persons, \$3,000*

The estimate will provide an additional 100 days of travel for current staff.

*Rent, communications, and utilities, \$500*

The estimate will provide \$200 for paid official mail, \$200 for telephone services, and \$100 for working capital fund charges.

*Printing and reproduction, \$24,100*

The estimate will provide for enlarging and distributing more copies of the Committee periodical Performance and other publications.

*Other services, \$8,000*

The estimate will provide for preparation of exhibits material.

*Supplies and materials, \$500*

The estimate provides for miscellaneous desk-top supplies.

*Equipment, \$1,000*

The estimate will provide equipment for the new positions.

## SUMMARY OF NEW POSITIONS

## Employment of the handicapped:

1 GS-12 administrative officer-----	\$9,984
1 GS-5 secretary-----	4,701
1 GS-5 information clerk-----	4,701
1 GS-4 clerk (typist)-----	4,222

Total (4)-----	23,608
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## RISE IN CEILING

Chairman HAYDEN. Are there any questions?

Senator McCLELLAN. What item is this in the bill?

Mr. McCABILL. It is \$60,000 which the Bureau of the Budget sent up the day before yesterday, an increase based on the fact that our ceiling went from \$300,000 to \$400,000. We are enabled thereby to request more money.

Senator McCLELLAN. That is the \$60,000 under "Labor" in this report?

Mr. McCABILL. Yes, sir. The President's Committee is a separate and distinct Committee but we are so small that the Bureau of the Budget has put us in the Department of Labor budget for house-keeping and servicing purposes.

## AUTHORIZATION IN CIVIL RIGHTS ACT

Senator ELLENDER. This \$100,000 you are asking for and which has been authorized in the Civil Rights Act deals with age solely, does it not?

Mr. WERTS. Age solely.



Senator ELLENDER. Not as to discrimination with regard to color, creed, religion?

Mr. WERTS. Only discrimination because of age.

Senator ELLENDER. I wonder why that was put in the Civil Rights Act; do you know?

Mr. WERTS. Mrs. Wickens, who has been dealing with this subject, will answer the question.

#### REASON FOR INCLUSION IN ACT

Mrs. WICKENS. I believe it was in the main body of the legislation along with race, religion, sex; then it was decided that a different approach was needed in the case of discrimination on account of age.

My recollection is that some 2 years or more ago it was proposed by a member of this body, and I can't now tell you which Senator it was, that more information was needed with reference to whether legislation was the way to handle this problem or not.

So, a separate section was put in asking for a report on this subject with particular reference to whether legislation was advisable or not. This has been in the civil rights bill for at least the last 2 years as a subject.

#### TIMING OF REPORT

Senator ELLENDER. That is a one-shot study, I presume.

Mrs. WICKENS. Yes.

Senator ELLENDER. The appropriation is \$100,000 and the report is to be made sometime next year.

Mrs. WICKENS. By June 30, 1965. This is a nonrecurring item. We are not proposing any permanent positions at all.

#### PERSONNEL REQUIRED

Senator ELLENDER. How many people do you expect to hire for this program?

Mrs. WICKENS. We expect to hire on a temporary basis only two people centrally and to do most of this by contract with existing agencies like the Bureau of Labor Statistics, the State employment agencies, and one or two small outside contracts.

Senator ELLENDER. That will be done on a reimbursable basis, I presume.

Mrs. WICKENS. Yes, sir.

Senator ELLENDER. You do not expect to hire colleges to do this for you?

Mrs. WICKENS. No. We don't. As a matter of fact, though, there might be one small study which involves some interviewing with employers which we might let by contract to a college. But this is an attempt to get at something practical. We are also going to call a conference shortly of the State administrators of laws prohibiting discrimination on account of age to see what their experience has been, because this is a practical kind of approach to the question of whether legislation is effective and in what respect it is effective.

#### LAW PROHIBITING DISCRIMINATION AGAINST AGING

Senator McCLELLAN. Do I understand that there is no law now prohibiting discrimination in employment on account of age?

Mrs. WICKENS. No Federal law, sir. There are 17 State laws and there is a law in Puerto Rico but there is no Federal legislation.

Senator McCLELLAN. So, our object here is to make a study to see whether we need Federal legislation.

Mrs. WICKENS. Yes, sir.

Senator McCLELLAN. You have no idea now how it will apply or what the thought is at the moment about it?

Mrs. WICKENS. I wouldn't want to prejudge it, Senator, but in the past it has been felt that this subject was better attacked by education, by which I mean information and persuasion, than it was by legislation. There is a new executive order against discrimination on account of age by contractors and subcontractors. We also want to pay close attention this year to how effective this is.

Senator McCLELLAN. We are about to talk about something that I might have an interest in.

Senator ELLENDER. You mean personally?

Senator McCLELLAN. Yes, sir. I want to keep in contact with this study and see how it progresses.

Mrs. WICKENS. This will be a pleasure. I need to too.

#### APPOINTMENT OF EQUAL OPPORTUNITY COMMISSION

Senator ELLENDER. Has the Equal Employment Opportunity Commission been appointed yet?

Mr. WERTS. It has not, Senator.

Senator ELLENDER. Who prepared this budget?

Mr. WERTS. The staff of the Department of Labor.

Senator ELLENDER. In anticipation of the appointment.

Mr. WERTS. That is correct. It is a Commission to be appointed by the President and I think—

Senator ELLENDER. Confirmed by the Senate?

Mr. WERTS. Right.

Senator ELLENDER. Nothing of that has been done yet.

Mr. WERTS. It has not been appointed.

#### REASON FOR NUMBER OF PERSONNEL REQUESTED

Senator ELLENDER. Now, how did you figure out that you needed 190 persons?

Mr. WERTS. The process here was to take a look at the activities which appeared necessary for the Commission to engage in such as those provided in the law and those that were described by the various reports and discussions by the Congress. Then on the basis of experience in similar activities such as these conferences that are called for, making studies, making agreements with States, because as you know, we have many agreements of this sort, it was estimated on the basis of past experience in relation to those activities that these were reasonable numbers of people needed.

#### AVERAGE EMPLOYMENT

You will note that it indicates here that it is about 190, the average employment will be 110. This means that these will be hired at various stages, the last group coming on for employment around March

of next year. Of course, the Commission, when it is appointed and active, will make those decisions.

Senator ELLENDER. The 110 would be on a yearly basis?

Mr. WERTS. On an average of that many man-years.

Senator ELLENDER. And the 190 is what you have to get to get them to produce what 110 would through a year, is that it? I don't quite understand why you put total number of permanent positions, 190; average number of all employees 110.

Mr. WERTS. The 110 are man-years, because we will not hire all the people at the same time. You may have 50 on in the first 3 months, 125 the next 3 months, and the final 3 months you would have the rest of them.

Senator ELLENDER. Of course, the Commission not having been appointed has not participated in this program at all?

Mr. WERTS. That is correct.

Senator ELLENDER. In the budget?

Mr. WERTS. That is correct.

Senator ELLENDER. Any prospective appointees?

Mr. WERTS. We are not aware of any.

#### GRANTS, SUBSIDIES, AND CONTRIBUTIONS

Senator ELLENDER. I notice here that you have for grants, subsidies, and contributions, \$900,000. What is that to be used for?

Mr. WERTS. This is for purposes of assisting States or to reimburse States for performing activities for the Federal Commission.

Senator ELLENDER. Such as?

Mr. WERTS. Such as they might arrange some of the conferences which are called for, educational conferences. They might make some of the studies. When those sections of the law which have to do with enforcement come into being, arrangements could be made with the States to bring about the plans under the Federal legislation.

Senator ELLENDER. What about States that have FEPC laws of their own? Is it to discharge some of their expenses?

Mr. WERTS. No; only those who will be performing to discharge the purposes of the Federal law.

#### FUNDS FOR STATE COMMISSIONS

Senator ELLENDER. So that under the civil rights bill the duties that are to be performed by the Equal Employment Opportunity Commission can and will be performed by the State commissions and there is no money in this budget to pay for their work.

Mr. WERTS. If I may, sir, there is \$900,000 in this budget which would be used to reimburse States for work which they would do for the Federal Commission.

In other words, where you have a State agency capable of performing the function the legislation provides that that resource should be used and financed rather than the Federal Commission setting up



a duplicating staff and resource in a State where the State is already operating.

#### ENFORCING FEDERAL LAWS

Senator ELLENDER. You specified State laws. Would you have that commission to carry out Federal laws?

Mr. WERTS. Arrangements can be made according to the provisions of title VII by the Federal Commission with a State to exercise the authority of the Federal Commission. This would be reimbursed to the States.

#### SHIFT OF STATE RESPONSIBILITY TO FEDERAL GOVERNMENT

Senator ELLENDER. Would it not be possible for the State commissions to shift the burden of paying for their own individual commissions on the Federal Government?

Mr. WERTS. I think you are correct. It is possible. But, I doubt that the Commission under the direction and the restraint that they have from Congress would permit this to happen.

We have had considerable experience in arrangements between the Federal Government and the States. Of course, we come to the congressional Appropriations Committees for these purposes and they watch very carefully and require careful audits and careful checking on what the money is used for. So that I think that the possibility of a State shifting responsibility to the Federal fund is well safeguarded.

#### NEED FOR FUNDS FOR STATE FEPC'S

Senator ELLENDER. As I recall the language in the statute, States that have an FEPC would handle their own and if they fail to do it, then the Federal could come into the picture.

Mr. WERTS. That is correct, as I understand it.

Senator ELLENDER. Why is it necessary to provide for funds to assist State FEPC's if they are to carry on on their own? That is, they are going to take the State laws and administer those laws and I do not recall that these State commissions will be given the opportunity or the right to administer Federal laws.

Mr. WERTS. Title VII, I think, explicitly permits and provides that this should be done.

Senator ELLENDER. You mean through the States where the States have such a law?

Mr. WERTS. That is right.

Senator ELLENDER. The burden is on them to do it. Of course, if they fail then you come in.

#### METHOD OF ENFORCEMENT

Mr. ROBERTSON. May I comment, Senator Ellender? You are correct in describing the method of enforcement when the enforcement provisions come into effect. If there is a complainant in a State

which has an FEPC law, then the complainant must first go to the State agency to find out if he is accorded his rights under the State law.

Only when the State fails to accord him his remedies may he then come to the Federal Commission.

Senator ELLENDER. Then the Federal Commission would handle it, not the State?

Mr. ROBERTSON. That is correct, Senator. But in section 709(b) of the civil rights law, which is on page 22 of the pamphlet law, there is an express provision for the Federal Commission to enter into agreements with States which have State FEP laws and there is provision for the ceding of jurisdiction, Federal jurisdiction, to the State.

And that section expressly provides that the Federal Commission may reimburse the State agencies and their employees for services rendered to assist the Commission in carrying out this title.

And this \$900,000 that Mr. Werts mentioned is the estimate, on a pure estimating basis, of how much might be involved in the first year in distributing this money to those States with which agreements could be worked out.

Senator ELLENDER. I did not interpret it that way, as I recall it from memory.

Mr. ROBERTSON. I could read the sentence involved.

Senator ELLENDER. It was my understanding that the States would administer their own FEP laws.

Mr. ROBERTSON. That is correct.

Senator ELLENDER. And if they failed to do so, then the FEPC could come in.

Mr. ROBERTSON. That is right as a matter of enforcement.

Senator ELLENDER. But I did not understand that it contemplated any payments of any kind to the State.

#### PROVISIONS OF SECTION 709 (b) OF ACT

Mr. ROBERTSON. Yes. It does, Senator. Section 709(b) reads:

The Commission may cooperate with State and local agencies charged with the administration of State fair employment practices laws and with the consent of such agencies, may for the purpose of carrying out its functions and duties under this title and within the limitation of funds appropriated specifically for such purpose, utilize the services of such agencies and their employees and, notwithstanding any other provision of law, may reimburse such agencies and their employees for services rendered to assist the Commission in carrying out this title. . . .

#### AVOIDING FEDERAL ADMINISTRATION OF STATE LAWS

Senator ELLENDER. If you are not careful, you will find out sooner or later that the Federal Government will be hooked to pay all those expenses.

Mr. ROBERTSON. I agree with you, Senator, as Mr. Werts has said, this must be watched carefully. We have had in the Department of Labor experiences similar to this which Mr. Werts has mentioned. Some of the States which administer unemployment insurance laws also administer disability insurance laws.

We have worked out an auditing system to avoid those States overloading the Federal Treasury with the administration of their own laws.

## AMOUNT FOR STATE FEPC PAYMENTS

Senator ELLENDER. How much of your \$900,000 do you expect to utilize by paying the FEPC State law administrators?

Mr. WERTS. This \$900,000 is the estimate, the best estimate we could make on the basis of lack of experience, that would be needed for fiscal year 1965.

Senator ELLENDER. And that is to reimburse FEP State agencies that will do work in connection with the administration of their State laws?

Mr. WERTS. No. It would be used for the purpose of assisting the Commission in carrying out the Federal law, title 7. And supposedly it would be illegal, I think, to use the money for the administration of the State law.

## QUESTION OF REASON FOR FEDERAL FUNDS

Senator ELLENDER. That is my belief. That is why I am asking you why we should pay Federal funds for that when the Federal laws are not to apply to the States that have FEP laws. It would seem to me that the whole burden should be on the State to carry out their own laws.

Of course, if their laws fail, then it would seem to me that the Federal Government could come in and do it on its own and not reimburse State officials to administer State laws or they could be paid to administer Federal laws.

Senator McCLELLAN. Will you yield?

Senator ELLENDER. Yes.

Senator McCLELLAN. Don't you think it is for the purpose of rewarding those States that have been intelligently progressive and prepared for this thing in advance? We have to reward them a little for their ingenuity?

Senator ELLENDER. From the record, we have made up there and the evidence that I obtained, I think that the States have made a failure of their own FEP laws.

Mr. ROBERTSON. Senator, if I could merely add one additional point.

Senator ELLENDER. To what I have said?

## INSTANCES OF CESSION OF JURISDICTION

Mr. ROBERTSON. No. In elaboration of what I said earlier. That is that the section from which I read, section 709(b) of the Federal law contemplates that where a State law contains provisions which are similar to the Federal law, then the Federal Commission may, in effect, cede jurisdiction to the State and the State in that sense would be administering the Federal law for the Federal Commission through the similarity of its own State laws provisions.

Senator ELLENDER. I go back to the proposition that you will find yourself paying a lot of these expenses that should be borne by the State, itself. I hope you keep your eyes skinned.

Mr. WERTS. We will do our part.

Senator ELLENDER. Do you contemplate establishing out of this fund any regional offices?



## BUDGET ESTIMATE FOR NATIONWIDE COVERAGE

Mr. WERTS. Yes. Of course, this would have to be again decided by the Commission when it is established. The basis on which this budget is made is for six regional offices to cover the United States.

Senator ELLENDER. The entire country?

Mr. WERTS. The entire country.

Senator ELLENDER. As to those States that don't have FEP laws, of course, you would assume the entire jurisdiction.

Mr. WERTS. The law, I think, is permissive throughout the country.

Senator ELLENDER. With those exceptions about State laws?

Mr. WERTS. That is right.

Senator ELLENDER. Those are all the questions, Mr. Chairman.

Chairman HAYDEN. If there are no further questions, we thank you for your appearance.

Mr. WERTS. Thank you very much, Mr. Chairman.

DEPARTMENT OF STATE

INTERNATIONAL ORGANIZATIONS AND CONFERENCES

STATEMENT OF MARSHALL GREEN, DEPUTY ASSISTANT SECRETARY FOR FAR EASTERN AFFAIRS; ACCOMPANIED BY CARTER H. HILLS, INTERNATIONAL ADMINISTRATION OFFICER, BUREAU OF INTERNATIONAL ORGANIZATION AFFAIRS; ROBERT F. SLUTZ, JR., STAFF ASSISTANT, BUREAU OF FAR EASTERN AFFAIRS; VERNE B. LEWIS, DEPUTY ASSISTANT SECRETARY FOR BUDGET AND FINANCE; AND SYDNEY S. CUMMINS, INTERNATIONAL ADMINISTRATION OFFICER, BUREAU OF INTERNATIONAL ORGANIZATION AFFAIRS

INTERNATIONAL CONTROL COMMISSION IN LAOS

Senator McCLELLAN (presiding). The committee will resume order. The next item concerns the Department of State and the request for \$1,366,000 as our contribution for the expense of the International Commission for supervision and control in Laos.

The estimate and justification will be placed in the record. (The information referred to follows:)

SUPPLEMENTAL ESTIMATES, HOUSE DOCUMENT 338

DEPARTMENT OF STATE

“INTERNATIONAL ORGANIZATION AND CONFERENCES

“CONTRIBUTION TO INTERNATIONAL ORGANIZATIONS

“For an additional amount for ‘Contributions to international organizations’, \$1,366,000: *Provided, That this paragraph shall be effective only upon the enactment into law of S. 1627, Eighty-eighth Congress, or similar legislation.*”

This proposed supplemental appropriation is to provide funds for the payment of assessed contributions for the expenses of the International Commission for Supervision and Control in Laos for the period July 1, 1963, to June 30, 1965. The United States has agreed by protocol to the 1962 Declaration on the Neutrality of Laos to contribute 17.6 per centum of the annual operating costs of the Commission.

CONTRIBUTION TO INTERNATIONAL ORGANIZATIONS

Appropriation to date-----	\$87, 188, 000
Request-----	1, 366, 000

PURPOSE AND NEED FOR SUPPLEMENTAL

No provision for the U.S. contribution to the costs of the International Control Commission in Laos for periods corresponding to the U.S. fiscal years 1964 and 1965 was included in the fiscal year 1965 appropriation request since legislative action on the authorizing bill had not been completed at that time. However, the bill (S. 1627) passed the Senate on July 16, 1963, and the House on August 12, 1964. It is now waiting Presidential signature.

*Program and financing*

[In thousands of dollars]

	Original estimate	Revised estimate	Increase
Program by activities:			
United Nations and specialized agencies:			
1. United Nations.....	31,256	31,256	-----
2. Specialized agencies.....	28,522	28,522	-----
Subtotal.....	59,778	59,778	-----
Inter-American organizations.....	15,892	15,892	-----
Regional organizations:			
1. International Control Commission for Laos.....		1,366	1,366
2. Other regional organizations.....	8,947	8,947	-----
Subtotal.....	8,947	10,313	1,366
Other international organizations.....	2,551	2,551	-----
Total obligations.....	87,168	88,534	1,366
Financing: Unobligated balance lapsing.....			-----
New obligational authority (appropriation).....	87,168	88,534	1,366

*Object classification*

[In thousands of dollars]

	Original estimate	Revised estimate	Increase
Other services: Services of other state accounts.....	1,691	1,091	-----
Grants, subsidies, and contributions.....	86,077	87,443	1,366
Total obligations.....	87,168	88,534	1,366

## JUSTIFICATION OF ESTIMATE, CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

## PURPOSE AND NEED FOR SUPPLEMENTAL APPROPRIATION

The amount requested, \$1,366,000, consists of a contribution of \$683,000 to the International Control Commission for Laos for the period July 1, 1963, to June 30, 1964, and of the same amount (\$683,000) for the period July 1, 1964, to June 30, 1965.

## INTERNATIONAL CONTROL COMMISSION IN LAOS, VIENTIANE, LAOS

*Reason for supplemental*

No provision for the U.S. contribution to the costs of the International Control Commission in Laos for periods corresponding to the U.S. fiscal years 1964 and 1965 was included in the fiscal year 1965 appropriation request since legislative action on the authorizing bill had not been completed at that time.

The International Commission for Supervision and Control in Laos, commonly known as the International Control Commission (ICC) was initially established by the 1954 Geneva Agreement on the Cessation of Hostilities in Laos. It was terminated in 1958 and reestablished in April 1961 by agreement among the powers then convened in Geneva at the International Conference on Settlement of the Laotian Question. Composed of representatives of Canada, Poland, and India its purpose was to supervise and control a cease-fire in Laos.

The United States was a participant in the Geneva Conference of 1961-62 and was one of the signatories of the protocol to the Declaration on the Neutrality of Laos (July 23, 1962). The protocol assigned to the ICC in Laos a number of functions, its principal tasks being: (1) To supervise and control and withdrawal of foreign military personnel from Laos; (2) to supervise and control the cease fire in Laos; (3) to investigate cases of illegal introduction of foreign military personnel into Laos; (4) to assist the Government of Laos in cases of illegal introduction of armaments into Laos; and (5) to investigate other possible violations of the provisions of the protocol and the declaration.



Article 18 of the 1962 Geneva protocol provides for the costs of the ICC. The Governments of Canada, India, and Poland are to pay the personnel salaries and allowances of their delegations and the Lao Government is to provide local services. All other costs are to be met from a fund to which the signatories are to contribute the following proportions: (1) Communist China, France, U.S.S.R., United Kingdom, and the United States—17.6 percent each (2) Burma, Cambodia, the Democratic Peoples Republic of (North) Vietnam, Laos, the Republic of (South) Vietnam, and Thailand—1.5 percent each; (3) Canada, India, and Poland—1 percent each.

While the ICC has demonstrated shortcomings, it has played a helpful role in support of the Lao Government and remains the only international peacekeeping machinery in the country.

#### *Computation of estimate*

For the costs of the ICC from July 1, 1963, through June 30, 1964, the United Kingdom and the U.S.S.R. as Cochairmen of the Geneva Conference of 1961-62 approved a budget of \$3,880,660. This estimate was communicated to all signatory states in April 1964 with a request for payment of contributions on the basis of the formula embodied in article 18 of the protocol. The assessment on the United States for the period corresponding to the U.S. fiscal year 1964 is 17.6 percent, or \$683,000.

It is estimated that the ICC budget to be adopted for the present fiscal year will be roughly the same as for the previous year and that therefore the U.S. assessment for fiscal year 1965 will be the same. This supplement request therefore provides funds to cover the U.S. assessment for the 2 years or a total of \$1,366,000.

It should be noted that the Commission negotiated in September 1962 and May 1963 agreements with the United States for the purchase of helicopters to be supplied by the Department of Defense. Payment is scheduled over a 4-year period. The Department of State acting for the ICC will make payments from the supplemental appropriation to the Department of Defense (amounting to \$380,868 in fiscal year 1964 and \$380,868 in fiscal year 1965) which will be credited as part of the U.S. contribution to the costs of the ICC for those years.

#### *Statutory authorization*

Public Law 88-468, 88th Congress, approved August 20, 1964.

#### PRESENTATION OF STATEMENT

Senator McCLELLAN. I believe we have Mr. Green with us to testify. You may proceed with your statement in support of the item, Mr. Green.

Do you have a prepared statement?

Mr. GREEN. There is a prepared statement by Mr. Bundy, which I believe you have.

Senator McCLELLAN. Would you like to insert it in the record?

Mr. GREEN. I would like to insert it in the record, sir.

Senator McCLELLAN. Very well, Secretary Bundy's statement may be printed in the record at this point.

(The statement referred to follows:)

#### STATEMENT OF WILLIAM P. BUNDY, ASSISTANT SECRETARY OF STATE FOR FAR EASTERN AFFAIRS

##### U.S. CONTRIBUTION TO THE INTERNATIONAL CONTROL COMMISSION FOR LAOS

As you know, it is our policy to halt Communist aggression in southeast Asia and we hope to accomplish this by using all political means possible without resort to active hostilities. One of the best existing tools for this purpose is the International Control Commission (ICC) which we believe will continue to play a significant role in Laos. In the critical situation in Laos the ICC is a constructive and useful international mechanism to deter Communist aggression there. We are well aware that in this task it has not been as successful as we would have wished, but we believe it is a continuing

deterrent to what otherwise might be extensive Communist activities in Laos. While circumstances and Pathet Lao obstructionism have prevented the ICC from fulfilling our highest hopes we do not believe the ICC should be scrapped or that we should withdraw our support from it. The ICC is the only existing international mechanism for peacekeeping purposes in Laos.

As an example of its usefulness in U.S. eyes the ICC by a majority vote (India and Canada) can and has submitted a series of reports that clearly place the guilt for violations of the 1962 Geneva agreements upon the Pathet Lao and their supporters from North Vietnam.

The most recent report of the ICC (No. 31 of June 20, 1964) is a majority report (India and Canada) informing the Cochairmen of the serious cease-fire violations in the Plain of Jars in May 1964. This report clearly indicates Communist responsibility for the attack on Kong Le's neutralist troops.

The ICC has also played an important role by offering its "good offices" toward an improvement in the unstable political situation that arises periodically in Vientiane. For example, the ICC, acting with the representatives of the Cochairmen (the British and Soviet Ambassadors in Vientiane), has facilitated meetings between the Prime Minister and leaders of the Pathet Lao faction. This arrangement makes possible continuing contact between the rival factions. By its very presence or by special arrangements it has insured security at various meetings between the rival faction leaders. Not the least of its "good offices" activities are the ICC inquiries into the welfare of the two Americans and other foreign prisoners who are held by the Pathet Lao.

We believe the ICC in Laos contributes a large part to maintaining the independence of the Royal Lao Government. It is, therefore, important for U.S. interests to keep the ICC alive for both the potential functional as well as the psychological benefits resulting from its activities. By its very presence in the area it helps to maintain the integrity of the country, to keep pressure on the Communists to live up to their responsibilities under the Geneva agreements, and to focus international attention on Communist violations of these agreements.

The Department of State feels strongly that the U.S. Government should make its contribution to the expense of the ICC just as soon as possible. For the fiscal year ending June 30, 1964, the United States and Communist China are the only two major contributors which have not made any payment toward their assessment.

We are hopeful that agreement of the two cochairmen can be reached on the fiscal year 1965 estimates so that an assessment may be made for this period at an early date. The budget for this period has been estimated at the same level. Therefore, we are requesting an appropriation of \$683,000 for fiscal year 1964 and \$683,000 for fiscal year 1965 at this time.

STATEMENT OF DEPUTY ASSISTANT SECRETARY FOR FAR EASTERN AFFAIRS GREEN

Senator McCLELLAN. Mr. Green, you may highlight it or add whatever you wish.

Mr. GREEN. I would like to add a few points, Mr. Chairman.

First, with regard to Laos, itself, which is a pressure point in the cold war, it borders on all the countries of southeast Asia except Malaysia and it also has an extensive border with Communist North Vietnam and Red China.

#### COMMUNIST PRESSURE

For some years this has been an area of intense pressure from the Communist side leading in 1961 to the convening of 14 powers at Geneva. In the 1962 Accords which followed, these powers reactivated the International Control Commission. Its job was and is to report on violations of the cease-fire and to supervise the withdrawal of foreign troops.

#### RESISTANCE TO COMMUNIST AGGRESSION

Now I wish to make clear that we are determined to resist Communist aggression in southeast Asia and this naturally includes Laos. We hope to do this by political and diplomatic means and, if at all possible, by means short of war.

This does not mean that we will not use force if that is necessary. Obviously, it would be to everybody's interest if these problems could be settled by peaceful means.

We feel that an integral part of the peacekeeping machinery in Laos today is the International Control Commission which, as you know, is composed of representatives of India, Canada, and Poland under Indian chairmanship.

#### DETERRENT TO COMMUNIST AGGRESSION

Now, as we see it, the great merit of the ICC is that by its very presence it keeps pressure on the Communist side to live up to the 1962 agreements and if, as has often happened, the Communists violate the agreements, then the ICC can focus the spotlight of world attention on them. In this way the ICC serves as a deterrent to further Communist aggression as well as making clear to the world the true nature of Communist designs and aggression.

Now, as I say, the ICC was established as an integral part of the 1962 Geneva accords. The Commission, I must frankly say, has not done all that we had hoped it would do. I think we must admit that there have been many violations of the accords by the Communists but we have encouraged the ICC to make this point crystal clear.

#### REPORTING ACTIVITIES OF ICC

The reports of the ICC are sent to the cochairmen—the British and the Soviet Foreign Ministers—who circulate them to other signatories of the Geneva accords. As these reports are released, they can be used for the purposes that I have mentioned.

#### TENDERING OF "GOOD OFFICES"

Now, in addition to pointing up Communist aggression when it does occur and helping to deter further aggression, the ICC does serve another useful function, and that is in tendering its "good offices."

The representatives of these three countries can and do help to bring about meetings of the various rival faction leaders in Laos, and to provide the security for such meetings.

I do believe that the very presence of the ICC also gives a kind of assurance to the people in Laos that they are not neglected and that there is an international supervisory machinery at work.

I think in essence that we have in Laos today a potentially explosive situation, but that the ICC does serve as a damper on that situation.

#### OBLIGATION TO CONTRIBUTE TO SUPPORT

As you know, the ICC was created by international agreement. Our obligation to contribute to the support of the ICC is part of that agreement, provided for under article 18 of the protocol to the 1962 declaration on the neutrality of Laos. Our purpose in coming before you today is to ask for an appropriation to meet that obligation.

The Department of State feels strongly that our Government should make its contribution to the expense of the ICC just as soon as possible. For the fiscal year ending June 30, 1964, the United States and Communist China are the only two major contributors that have made no payment toward their assessment.



We are hopeful that agreement can be reached soon by the Chairman on the fiscal year 1965 budget estimates for the ICC so that an assessment can be made for this period at an early date. The budget for fiscal year 1965 has been estimated at the same level as 1964.

#### APPROPRIATIONS REQUESTS

Therefore, we are requesting an appropriation of \$683,000 for fiscal year 1964, and \$683,000 for fiscal year 1965.

Mr. Chairman, Mr. Hills, of the Bureau of International Organization Affairs, is here with me. He is well equipped to answer details on the fiscal presentation. I would merely like to reiterate once again, sir, that we feel that the ICC does play a positive and constructive role in Laos and we are therefore asking for the means from our side to permit it to continue to function in this highly dangerous situation.

Senator McCLELLAN. When was it established?

Mr. GREEN. It was reactivated in 1961.

Senator McCLELLAN. When did it become operative?

Mr. GREEN. It became operative that same year.

#### PREVIOUS CONTRIBUTIONS

Senator McCLELLAN. What have we contributed to it thus far?

Mr. GREEN. We have contributed altogether, \$1,115,280.

Senator McCLELLAN. Is that on the basis of the \$683,000 per year?

Mr. HILLS. I shall try to explain that, Mr. Chairman. In the pre-accord period which ran from April 1961 through July 23, 1962, the five major contributors were requested to make an advance of \$450,000 each.

Each of the major contributors did make such an advance with the exception of Communist China, which only contributed \$300,000. Thus, there was initially an advance of \$450,000 by the United States in the pre-Accord period.

The first year of an assessed contribution followed the signature of the Geneva Accords—July 23, 1962, through June 30, 1963—almost the same period as the U.S. fiscal year. For that period we were assessed \$665,280.

Our actual cash contribution to date has been, as Secretary Green has indicated, \$1,115,280. That takes us only through the period ending June 30, 1963. We are now actually 1 year behind in our payments.

Senator McCLELLAN. You are asking for an appropriation here for 2 years?

Mr. HILLS. That is right, sir.

#### MEMBERS OF INTERNATIONAL CONTROL COMMISSION AND OTHER CONTRIBUTORS

Senator McCLELLAN. Who else are members of the ICC?

Mr. GREEN. The members of the ICC, sir, are Canada, India, and Poland. India is the Chairman.

Senator McCLELLAN. They are not the only contributors?

Mr. GREEN. No.

Senator McCLELLAN. Are countries contributing that are not members?

Mr. GREEN. All countries that are signatories to the 1962 Geneva accords are obligated to contribute.

Senator McCLELLAN. Let us take the Geneva accords. Who are those who have an obligation to contribute?

Mr. GREEN. Fourteen countries signed the Geneva accords. All are obligated to pay varying percentages of these annual costs. Our share is 17.6 percent. That is the same as the percentage for Communist China, France, the United Kingdom, and the U.S.S.R. These five countries are the major contributors. Each bears 17.6 percent share of the cost.

#### PAID CONTRIBUTIONS

Senator McCLELLAN. They have all paid, as I understand it, except—

Mr. GREEN. No, sir. Each of the major contributors paid through fiscal year 1963, except the Chinese Communists. In 1964, of these five, the United Kingdom, France, and the U.S.S.R. have made substantial payments.

Senator McCLELLAN. Have they paid their quota?

Mr. GREEN. Not their full quota.

Senator McCLELLAN. They have not paid it in full?

Mr. GREEN. No, sir.

Senator McCLELLAN. We have not paid anything?

Mr. GREEN. We have not paid anything for fiscal year 1964, nor has Communist China.

#### POWERS OF INTERNATIONAL CONTROL COMMISSION

Senator McCLELLAN. What is the power of this International Control Commission? Does it have any real power over Laos?

Mr. GREEN. The ICC has powers that are given to it by the Geneva accords. But its ability to exercise those powers are circumscribed because the Communists—that is the Pathet Lao—have refused almost consistently to permit the ICC to carry out inspections in the areas over which they maintain control. These areas are for the most part, the eastern sections of Laos bordering on both North and South Vietnam.

#### COSTS OF OPERATING ICC

Senator McCLELLAN. What is it costing annually to operate the ICC?

Mr. GREEN. \$3,880,660 was the budget for fiscal year 1964.

Senator McCLELLAN. What do they do that causes this expense? That Commission is composed of three countries, is that right?

Mr. GREEN. There is an international secretariat that is composed primarily of Indians. I believe there are about 117. In addition to the secretariat there are field teams as well as a staff of local employees in Vientiane.

#### LIMITATIONS ON INSPECTION AREA

Senator McCLELLAN. How much of the Laos territory are they permitted to inspect? In other words, they are circumscribed there in the area they can travel in.

Mr. GREEN. I would say they are able to travel in over half of Laos, probably between a half and two-thirds of the country—the government-controlled area.

Senator McCLELLAN. The rest of it they are not permitted to travel in?

Mr. GREEN. That is right.

#### INSPECTION ACTIVITIES

Senator McCLELLAN. What do they do, find out if there is any military activity or preparation?

Mr. GREEN. As a first step, there usually is a complaint that a violation has occurred. The Prime Minister then calls for the ICC to make an investigation.

Senator McCLELLAN. The Prime Minister of Laos?

Mr. GREEN. That is right. Prime Minister Souvanna Phouma. For example, if I may give you an example of an incident, there was an attack launched on May 16 in the Plaines des Jarres. That is a central plateau in the northern part of the country. The Communists swept over the Plaines des Jarres, driving the neutralist faction army from its position.

Souvanna called for an ICC inspection. The ICC was not able to reenter the Plaines des Jarres where the Communists were now located. But it did prepare a majority report by the Indians and the Canadians informing the cochairman of the serious breach of the Geneva accords by the Communists. This report, of course, clearly indicates the Communist responsibility.

#### REPORTS OF INSPECTIONS

This report was then turned over to the cochairmen and is now generally available. This is the type of report that the ICC can prepare.

Senator McCLELLAN. Was there anything in the report that was not indicated on the surface of the whole operation?

Mr. GREEN. Well, it obviously did not tell us much more than we already knew, but it was valuable to have it emanate from the Commission.

Senator McCLELLAN. In other words, to have the Commission say it.

Mr. GREEN. Find it and say it and then we can pick it up and broadcast and make full use of it.

Senator McCLELLAN. In other words, it gave it some authenticity to have the Commission's stamp on it.

Mr. GREEN. That is right. It put the onus on the Communists, clearly where it belonged. It allows us to denounce them before the world community backed up by the report of the International Commission that was formed by the Geneva accords themselves.

Senator McCLELLAN. Very well. Are there any further questions? I am not opposing the Commission. I am not opposing any of it. Sometimes I think a lot of these things are overstaffed and there is a lot of waste that way.

#### STAFF OF COMMISSION

Senator CASE. How many people all together?

Mr. GREEN. The full staff is 307.

Senator CASE. Mostly Indians?



Mr. GREEN. About 150 are Indians.

Senator CASE. How are the rest broken down in a rough way? Are there any Americans?

Mr. GREEN. No Americans. There are 28 Canadians and 39 Poles and 90 Laotians.

Senator MONRONEY. It has no military whatsoever.

Mr. GREEN. Some of the members of the Commission are military.

Senator MONRONEY. There are no armed people.

Mr. GREEN. No, sir.

Senator MONRONEY. Only by their inspection and reports do they reflect the Commission's desire for nonparticipation in the continuing war.

Mr. GREEN. Yes, sir.

#### EXCLUSION OF AMERICAN PERSONNEL

Senator McCLELLAN. Why are the Americans excluded from the personnel?

Mr. GREEN. Because the Commission was set up by the Geneva accords to be composed of personnel drawn from these three countries. In other words, the three countries were named in the Geneva accords.

Senator McCLELLAN. Why was personnel from this country excluded?

#### COMPOSITION OF COMMISSION

Mr. GREEN. It was composed on the basis of one member from a Communist country. Another was from a clearly anti-Communist country, Canada. India provided the neutral chairman.

Senator McCLELLAN. India is still a neutral country? She won't line up on either side?

Senator CASE. This is similar to the principle followed in the special U.N. peacekeeping forces, to keep the big powers and nationals out of these operations.

Mr. GREEN. Yes, sir.

Senator CASE. Is this an analogy in a sense to that?

Mr. GREEN. That is right. There is another point that I should make. These three countries are not otherwise involved in Laos.

#### NEED FOR STAFF PERSONNEL

Senator McCLELLAN. I can't see where it takes three and a half million dollars to operate it. I don't know why you need that many people. One hundred people would be an abundance in my judgment to do the job.

Mr. GREEN. One of the major items in the budget, Mr. Chairman, is for transportation. Also, the expenses of running helicopters as well as fixed-wing aircraft. There are three planes.

Senator McCLELLAN. I am not objecting to that. I am just talking about the staff. I don't know what in the world they do with that many people.

Mr. GREEN. When they carry out inspections, they have to have people on the spot rapidly and this requires a certain amount of logistic support.

Senator McCLELLAN. Does this Commission pay the expense of it or is that contributed by the Defense Department?

Mr. GREEN. That is part of the expenses that are in this ICC budget.

Senator McCLELLAN. How much?

Mr. GREEN. The maintenance—

#### HELICOPTERS

Senator McCLELLAN. That is just maintenance of it, is it not? Has the Commission bought helicopters of its own?

Mr. GREEN. Yes. I will let Mr. Hills answer that.

Mr. HILLS. Sir, the situation was such that we wanted to assure the availability of air transport immediately.

Senator McCLELLAN. I am not complaining. I think they need it. I would think it is quite proper.

Mr. HILLS. In order to assure this immediate availability, the Defense Department under the authority of the military assistance program originally sold four helicopters to the ICC.

Senator McCLELLAN. Sold them?

Mr. HILLS. Sold them.

Senator McCLELLAN. For how much?

#### COMMISSION PAYMENTS TO U.S. GOVERNMENT FOR HELICOPTERS

Mr. HILLS. They were sold on an installment basis. If I may come to the total amount of the sale in a moment—two of them were shot down and were replaced on May 23, 1963. The arrangement was that the ICC would reimburse the U.S. Government in four quarterly annual installments for the first four planes and three annual installments for the second two replacement planes.

So, the total amount which the ICC will reimburse the U.S. Government is \$1,423,000.

Senator McCLELLAN. That is for the seven?

Mr. HILLS. That is for a total of six planes of which there are only four in operation, because two were shot down. We are arranging in paying our assessed contribution to withhold the amount due the Defense Department in order to assure that that amount is paid.

#### PROCEDURE FOR HANDLING PAYMENTS

Senator McCLELLAN. Then you don't need the full amount of appropriation for your dues. You can deduct that amount from this item here, can't you?

Mr. HILLS. Our prime concern is to assure that the United States meets its obligations to the ICC entered into formally by our adherence to the protocol.

Senator McCLELLAN. That means if anybody objects, you have to pay the cash. Is that it?

Mr. HILLS. Informally, we are trying to make sure that the Defense Department gets paid by acting as agent, informally again, for the secretariat of the ICC.

Senator McCLELLAN. I think you can get paid. You can just withhold it.

Mr. CUMMINS. Sir, I think the problem is that if we don't do it this way, then the Defense Department has to waive reimbursement entirely. I don't think they have the authority to buy helicopters for the ICC Laos from available funds.

## NEED FOR APPROPRIATED DOLLARS

Senator McCLELLAN. What you mean is that the appropriation has got to be made.

Mr. CUMMINS. That is right.

Senator McCLELLAN. So that you can withhold it in the first place.

Mr. CUMMINS. The problem is this, that the ICC in Laos owes the Defense Department the money. Now we could pay our full contribution in cash to the ICC Laos and it could turn around and take a portion of that and immediately pay the Defense Department.

What we are doing in essence is eliminating the middleman and making it a proper payment from this appropriation to the Defense Department.

Senator McCLELLAN. I think you can. But the appropriation for your purpose, for this International Commission, must be made to keep the record straight.

Mr. CUMMINS. That is right.

Senator McCLELLAN. You make the appropriation, the money then if you can hold it out that is better. We know we have it in and we can pay it over to the Defense Department. If we can't, the money has to be paid over there and they have to pay it back. That keeps the record straight either way.

In either event, that money has to be appropriated over here so that it can be charged properly.

Mr. CUMMINS. That is right.

## AMOUNT OF ICC BUDGET

Senator McCLELLAN. What is the entire budget of the ICC?

Mr. HILLS. \$3,880,660 for fiscal year 1964.

Senator McCLELLAN. How much of that do we contribute?

Mr. HILLS. \$683,000.

Senator McCLELLAN. Who contributes the rest of it?

## CONTRIBUTIONS TO ICC

Mr. HILLS. I have a table here. There are 14 countries involved.

Senator McCLELLAN. I would like you to insert that table in the record at this point.

(The table referred to follows:)



## ARREARAGES LAOS ICC FOR FISCAL YEAR 1964

[In U.S. dollars]

Name of country	Amount due for fiscal year 1964	Amount paid fiscal year 1964	Amount outstanding fiscal year 1964
Communist China.....	682,996		682,996
France.....	682,996	352,772	330,224
United Kingdom.....	682,996	371,305	311,691
United States.....	682,996		682,996
U.S.S.R.....	682,996	271,600	411,396
Burma.....	58,210		58,210
Cambodia.....	58,210		58,210
North Vietnam.....	58,210		58,210
Laos.....	58,210		58,210
Thailand.....	58,210		58,210
South Vietnam.....	58,210		58,210
Canada.....	38,807	38,807	
India.....	38,807	38,807	
Poland.....	38,807	38,807	
Total.....	3,880,661	1,112,098	2,768,563

## U.S. CONTRIBUTIONS TO LAOS

Senator McCLELLAN. You may proceed with questions, Senator Ellender.

Senator ELLENDER. To what extent do we contribute in Laos other than what we are now talking about? Do you know?

Senator McCLELLAN. How much do we give Laos out of the foreign aid bill, is that what you are asking?

Senator ELLENDER. Yes. Our contribution is to this ICC.

Mr. LEWIS. There are no U.S. contributions to the ICC except those requested in this budget.

Senator ELLENDER. I understand that, but I would like to know if you have the figures available, how much more do we contribute directly?

Mr. GREEN. We will get those figures for you, sir.

(The information referred to follows:)

In addition to substantial military assistance direct to Laos, we provided \$42.8 million in economic assistance in fiscal year 1964.

## CONTRIBUTIONS BY OTHER COUNTRIES

Senator ELLENDER. Do you know any other contributions by any other countries except what is being made to the ICC by these 14 countries?

Mr. GREEN. I believe there are some other countries.

Senator ELLENDER. I doubt it, but if you have, will you put that in the record?

Mr. GREEN. We will get that for you.

(The following information is provided for the record.)

The United Kingdom, France, Australia, Japan, and West Germany also provide substantial aid to Laos. Thailand, Canada, and India give assistance to a lesser degree.

Senator ELLENDER. That is all, Mr. Chairman.

## INTERNATIONAL CONTROL COMMISSION 1964 BUDGET ESTIMATE

Senator McCLELLAN. What other tables do you have there?

Mr. LEWIS. We have a budget of the International Control Commission that we can supply for the record, Mr. Chairman.

Senator McCLELLAN. Very well, let it be received and printed in the record.

(The information referred to follows:)

## BUDGET ESTIMATES FOR THE PERIOD JULY 1, 1963, TO JUNE 30, 1964

## I. CURRENT EXPENDITURE

1. Salaries and allowances:		
A. International Secretariat-----		\$34, 356
B. Indian delegation (international component)-----		50, 400
C. Canadian delegation (international component)-----		4, 620
D. Polish delegation (international component)-----		4, 620
E. Local staff-----		184, 800
Total-----		<u>278, 796</u>
2. Traveling expenses:		
A. Transfer, leave and postings:		
(i) Air-----		242, 480
(ii) Sea-----		30, 800
B. On duty while posted to Indochina-----		2, 800
Total-----		<u>276, 080</u>
3. Operational transport:		
A. Air:		
(i) Hire of aircraft-----		14, 000
(ii) Running expenses of 4 helicopters:		
(a) Maintenance contract-----		451, 584
(b) Salaries and other costs of crew-----		236, 320
(c) Petroleum, oil, and lubricants-----		140, 000
(d) Miscellaneous-----		9, 800
(iii) Share of courier plane-----		198, 800
Total-----		<u>1, 050, 504</u>
B. Road:		
Running cost of vehicles:		
(a) Hire charges-----		155, 680
(b) Petroleum, oil, and lubricants-----		28, 000
Total-----		<u>183, 680</u>
4. Accommodation:		
A. Rent of offices and residential accommodation in Vientiane-----		224, 000
B. Rent of accommodation at team sites-----		14, 000
C. Maintenance of accommodation and fittings-----		28, 000
D. Maintenance of furniture-----		5, 600
E. Water and electricity-----		47, 600
F. Hotel accommodation-----		33, 600
Total-----		<u>352, 800</u>
5. Communications:		
A. Post and telegraph-----		19, 600
B. Maintenance and replacement cost of signal equipment-----		84, 000
Total-----		<u>103, 600</u>

6. Board.....	\$971, 600
7. Medical.....	25, 200
8. Laundry.....	70, 000
<hr/>	
9. Miscellaneous :	
A. Printing and stationery.....	12, 600
B. Books and periodicals.....	12, 600
C. Amenities.....	8, 400
D. Entertainment.....	8, 400
E. Freight.....	8, 400
F. Loss on exchange.....	16, 800
G. Insurance.....	16, 800
H. Other miscellaneous expenses.....	47, 600
<hr/>	
Total.....	131, 600
<hr/>	
Total current expenses.....	3, 443, 860
<hr/>	

## II. CAPITAL EXPENDITURE

1. Purchase of helicopters :	
A. 2d installment ( $\frac{1}{4}$ th) for purchase of 4 helicopters.....	280, 000
B. 1st installment ( $\frac{1}{3}$ ) for replacement of 2 helicopters.....	99, 680
<hr/>	
Total.....	379, 680
2. Communications equipment.....	42, 000
3. Furniture.....	15, 120
<hr/>	
Total capital expenses.....	436, 800
<hr/>	
Total estimated expenditure.....	3, 880, 660
<hr/>	

## ASSESSED CONTRIBUTIONS TO INTERNATIONAL CONTROL COMMISSION

Senator McCLELLAN. Do you have some other breakdown that you have testified to or made reference to?

Mr. HILLS. Yes, sir.

Senator McCLELLAN. What is it?

Mr. HILLS. We have a further table on contributions which we will be glad to submit at this time.

Senator McCLELLAN. Let it be inserted in the record at this point, please.

(The information referred to follows:)



## STATEMENT SHOWING AMOUNTS DUE FROM CONTRIBUTING POWERS FOR THE BUDGET YEARS 1962-63 AND 1963-64, POSITION AS OF MAY 1, 1964

[In U.S. dollars]

(I) Name of the country	(II) Amount due for year 1962-63	(III) Amount due for year 1963-64	(IV) Total amounts due (II+III)	(V) Amounts paid as of May 1, 1964	(VI) Amounts due
1. Communist China <sup>1</sup> .....	665,280	682,996.16	1,348,276.16	399,168.00	949,108.16
2. France.....	665,280	682,996.16	1,348,276.16	1,018,052.00	330,224.16
3. United Kingdom.....	665,280	682,996.16	1,348,276.16	1,036,585.20	311,690.96
4. United States.....	665,280	682,996.16	1,348,276.16	665,280.00	682,996.16
5. U.S.S.R.....	665,280	682,996.16	1,348,276.16	936,880.00	411,396.16
6. Burma.....	56,700	58,209.90	114,909.90	Nil	114,909.90
7. Cambodia.....	56,700	58,209.90	114,909.90	56,740.60	58,169.30
8. Democratic Republic of Vietnam.....	56,700	58,209.90	114,909.90	Nil	114,909.90
9. Laos.....	56,700	58,209.90	114,909.90	Nil	114,909.90
10. Thailand.....	56,700	58,209.90	114,909.90	Nil	114,909.90
11. South Vietnam.....	56,700	58,209.90	114,909.90	Nil	114,909.90
12. Canada.....	37,800	38,806.60	76,606.60	76,606.60	Nil
13. India.....	37,800	38,806.60	76,606.60	76,606.60	Nil
14. Poland.....	37,800	38,806.60	76,606.60	76,606.60	Nil
Total.....	3,780,000	3,880,660.00	7,660,000.00	4,342,526.00	3,318,134.00

<sup>1</sup> 3d round ad hoc contribution of US\$150,000 for the period up to July 22, 1962, is also due from Communist China.

NOTE.—Figures converted from pounds sterling at rate of 1 pound equals \$2.80. Figures may not add to totals due to rounding.

## EFFORTS TO COLLECT ARREARAGES

Senator McCLELLAN. Are there any other questions?

Senator ELLENDER. Mr. Chairman, I notice on the table that was submitted for the record that for 1964 there is due \$2,768,563 and those who have not paid are Communist China, France—any how, there are some unpaid. Is there any effort being made to enforce payment?

Mr. GREEN. The Cochairmen are putting pressure on them to pay too. As I said earlier, all the major contributors paid their fiscal year 1963 assessments in full except the Chinese Communists. There were some small countries apparently that haven't yet paid for that period. But of the five major contributors, each of which are paying 17.6 percent, it was only the Chinese Communists who did not pay fully in fiscal year 1963.

In fiscal year 1964, of these five major countries, the United Kingdom, France, and the U.S.S.R., as you will see there, did make substantial payments.

Senator ELLENDER. I notice in one column you have an amount due for fiscal year 1964 and then you have the last column, amount due for 1964, and there is a difference there. What causes that?

Mr. HILLS. The first column, sir, is the amount of the assessment. The second column is the amount paid. The third column is the amount outstanding, the amount unpaid.

## U.S. DELINQUENCY

Senator ELLENDER. I notice we are delinquent.

Mr. HILLS. That is right.

Senator ELLENDER. \$682,996.

Mr. HILLS. The last item is the arrearages.

Mr. LEWIS. The reason we are delinquent is that we didn't get authorizing legislation until the day before yesterday when the bill finally passed the House. So there was no authorizing legislation for this appropriation.

It has now passed the Senate and House and it is awaiting Presidential action.

Senator ELLENDER. That is the reason for our delinquency?

Mr. LEWIS. Yes.

Senator ELLENDER. I notice that the United States has paid \$271,600 of its amount due.

Senator McCLELLAN. How did we pay the initial payment?

Mr. LEWIS. That was for fiscal year 1963. We are authorized to pay assessments for 1 year for new international organizations under the so-called point of order legislation.

Senator McCLELLAN. Is there anything further?

Thank you, gentlemen.

DEPARTMENT OF JUSTICE

STATEMENTS OF BURKE MARSHALL, ASSISTANT ATTORNEY GENERAL, CIVIL RIGHTS DIVISION; JOHN DOAR, FIRST ASSISTANT, CIVIL RIGHTS DIVISION; WILLIAM J. HOLLORAN, EXECUTIVE ASSISTANT, CIVIL RIGHTS DIVISION; S. A. ANDRETTA, ASSISTANT ATTORNEY GENERAL FOR ADMINISTRATION; AND J. C. BROWN, BUDGET OFFICER

ENFORCEMENT OF CIVIL RIGHTS ACT

Chairman HAYDEN. The next item relates to the Department of Justice and the request for \$1,093,000 for expenses to begin enforcement of the provisions in the Civil Rights Act of 1964.

Let the estimate and the justification be placed in the record at this point.

(The material referred to follows:)

SUPPLEMENTAL ESTIMATES, HOUSE DOCUMENT 318

“DEPARTMENT OF JUSTICE

“LEGAL ACTIVITIES AND GENERAL ADMINISTRATION

“SALARIES AND EXPENSES, GENERAL LEGAL ACTIVITIES

“For an additional amount for ‘Salaries and expenses, general legal activities’, \$1,093,000.”

This supplemental appropriation is to enable the Department of Justice to begin enforcement of the provisions contained in the Civil Rights Act of 1964 for which it is responsible.

The funds will provide for 49 additional attorneys, 60 additional clerical employees, and related costs for the Civil Rights Division. In addition to normal clerical supporting duties, the clerical staff will be employed to collect and collate the data that will be necessary to ascertain whether or not there exist patterns of discrimination under the act.

*Salaries and expenses, general legal activities*

Appropriation to date-----<sup>1</sup> \$19,350,000  
Request for 11 months from Aug. 1, 1964----- 1,093,000

<sup>1</sup> H.R. 11134 as passed by House.

PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

The requested funds are needed to implement the Civil Rights Act of 1964 approved July 2, 1964. Court tests of the provisions which became effective upon enactment have already begun and it is clear that additional cases will be filed in the near future.

No funds were included in the annual appropriation requests for fiscal year 1965 to meet the cost of administering the new law. Furthermore, the Department will have to operate during the early months of the new fiscal year under House Joint Resolution 1056, the joint resolution providing temporary operating funds. This limits the Department's activities during July and August 1964 to the level of the past year and will seriously impede the enforcement of the new act until the regular 1965 Appropriation Act becomes law or a supplemental appropriation is approved.

The details of the amount requested are as follows :



*New personnel (109 positions)*

## Salaries:

4 attorneys, GS-15, at \$15,683	\$62, 732
2 attorneys, GS-14, at \$13,624	27, 248
3 attorneys, GS-13, at \$11,731	35, 193
5 attorneys, GS-12, at \$9,984	49, 920
15 attorneys, GS-11, at \$8,424	126, 360
20 attorneys, GS-9, at \$7,030	140, 600

Total, 49 attorneys----- 442, 053

2 clerks, GS-7, at \$5,803	11, 606
4 clerks, GS-6, at \$5,242	20, 968
22 clerks, GS-5, at \$4,701	103, 422
20 clerks, GS-4, at \$4,222	84, 440
10 clerks, GS-3, at \$3,890	38, 900
2 clerks, GS-2, at \$3,640	7, 280

Total, 60 clerks----- 266, 616

Total, 109 positions----- 708, 669

Lapse (1 month)----- -59, 669

Net permanent----- 649, 000

Regular pay above 52-week base----- 2, 500

Total, personnel compensation----- 651, 500

Personnel benefits----- 48, 700

Travel (average \$1,633×54)----- 88, 200

Communications (average \$570×109)----- 62, 200

## Rental:

Space (average \$1,000×109×11/12)----- 100, 000

Equipment----- 9, 000

Printing and reproduction (\$527×55)----- 29, 000

Other services (average, \$800×49)----- 39, 200

Supplies (average, \$50×109)----- 5, 400

Equipment (49 attorneys, at \$375=\$18,375; 60 clerks, at \$700=\$42, 000)----- 59, 800

Total----- 1, 093, 000

*Program and financing*

[In thousands of dollars]

	1965, presently available <sup>1</sup>	1965, revised estimate	1965, increase
Program by activities:			
1. Conduct of Supreme Court proceedings and coordination of appellate matters	541	541	-----
2. General tax matters	4, 470	4, 470	-----
3. Criminal matters	3, 325	3, 325	-----
4. Claims, customs, and general civil matters	4, 350	4, 350	-----
5. Land matters	3, 678	3, 678	-----
6. Legal opinions	563	563	-----
7. Internal security matters	1, 168	1, 168	-----
8. Civil rights matters	1, 255	2, 348	1, 093
Total program costs (obligations)	19, 350	20, 443	1, 093
Financing: New obligational authority (appropriation)	19, 350	20, 443	1, 093

<sup>1</sup> House bill (H.R. 11134).

*Object classification*

[In thousands of dollars]

	1965, presently available <sup>1</sup>	1965, revised estimate	1965, increase
Personnel compensation:			
Permanent positions.....	14,666	15,315	649
Positions other than permanent.....	111	111	-----
Other personnel compensation.....	1,186	1,189	3
Total personnel compensation.....	15,963	16,615	652
Personnel benefits.....	1,091	1,140	49
Travel and transportation of persons.....	942	1,030	88
Transportation of things.....	5	5	-----
Rent, communications, and utilities.....	273	444	171
Printing and reproduction.....	563	592	29
Other services.....	266	305	39
Supplies and materials.....	131	136	5
Equipment.....	96	156	60
Unvouchered.....	20	20	-----
Total costs (obligations).....	19,350	20,443	1,093

<sup>1</sup> House bill (H.R. 11134).*Personnel summary*

	1965, presently available <sup>1</sup>	1965, revised estimate	1965, increase
Total number of permanent positions.....	1,613	1,722	109
Full-time equivalent of other positions.....	12	12	-----
Average number of all employees.....	1,555	1,655	100
Employees in permanent positions, end of year.....	1,568	1,677	109
Employees in other positions, end of year.....	32	32	-----
Average GS grade.....	9.2	9.1	-0.1
Average GS salary.....	\$9,447	\$9,259	-\$188

<sup>1</sup> House bill (H.R. 11134).

## JUSTIFICATION FOR SUPPLEMENTAL FUNDS—CIVIL RIGHTS ACT OF 1964

It is imperative that the Division's staff be increased immediately to meet its new responsibilities and obligations and permit speedy, effective, and uniform enforcement of the act. The additional funds requested are needed to add 49 attorneys and 60 clerical assistants to the present staff of 56 attorneys and 52 clerks, thus increasing the Division's complement to 217 employees. Approximately \$700,000 will be required for salaries and the cost of related employee benefits for the 109 new positions at current pay rates. Travel, communication, printing, reproduction, equipment, and other expenses are estimated to approximate \$393,000.

Set out briefly are the added functions of the Department of Justice under the 1964 Civil Rights Act.

1. The Attorney General is authorized upon receipt of complaints from persons unable to bring suit themselves, to bring suits in cases involving discrimination in public facilities (title III) and education (title IV).

2. The Attorney General is authorized to bring suits involving discrimination in places of public accommodation where the discrimination is a part of a pattern or practice (title II).

3. The Attorney General is authorized to intervene in private suits involving discrimination in places of public accommodation (title II).

4. The Attorney General is authorized to intervene in suits alleging a denial of the equal protection of the laws on account of race, color, or national origin (title IX).

5. New enforcement powers are given to the Attorney General in the area of voting rights (title I).

6. Where States have literacy tests, the Attorney General is authorized to examine these tests and their administration and enter into agreements with States that are complying with the purpose of the law exempting them from the requirement that literacy tests be in writing (title I).

7. Agencies administering programs where discrimination is prohibited may call upon the Attorney General to bring suit to require nondiscrimination (title VI).

8. In the event that civil or criminal contempt cases are brought to enforce court orders entered under the provisions of the new law, representatives of the Department of Justice will be called upon to conduct such proceedings (title XI).

It should be noted that those provisions of title VII relating to equal employment opportunity which are within the jurisdiction of the Department of Justice shall not become effective until 1 year after the date of the enactment of the statute. The needs of this Division to carry out its responsibility under title VII will be justified in our budget estimate for the fiscal year 1966.

These new duties and functions are imposed on a staff already overburdened with its responsibilities under statutes presently assigned. The Civil Rights Division retains its jurisdiction over and responsibilities for the enforcement of all present Federal statutes relating to civil rights, both criminal and civil. Accordingly, a complete reorganization of the Division is required. Sections within the Division's present structure are divided according to functions or statutes to be enforced. Because of the mode of operations which the Division has developed and followed in voting discrimination and intimidation cases under the Civil Rights Acts of 1957 and 1960, attorneys working on these cases become familiar with geographic areas and political subdivisions, political structures, and personalities within each, white and Negro business communities and organizations. The value of this familiarity and expertise is lost by dividing functions among individual attorneys assigned to specific fields, as for example in voting, schools, public accommodations, and police brutality.

The proposed reorganization will involve the creation of new sections for four geographic regions—Eastern, Western, Southeastern, Southwestern. These sections will absorb the functions and personnel of the present trial staff and the General Litigation and Voting and Elections Sections. The number of attorneys assigned to each section will depend upon the volume of work and the regional lines can be redrawn without difficulty. It is presently planned to assign the following number of attorneys to the named regional districts: 9, Eastern; 4, Western; 32, Southeastern; 38, Southwestern, totaling 83 attorneys with 32 supporting clerical assistants. The greatest number of personnel will be assigned to the southern areas where it is believed that the greatest activity will take place.

The proposed reorganization contemplates that each attorney assigned to these geographical sections will become an expert on all civil rights matters and cases arising in the areas for which he is responsible. The attorney so assigned will handle and process complaints; analyze law and factual situations; prepare, direct, and conduct court actions and subsequent activities in all matters arising in his area of assignment. It is believed that this method of assignment will streamline and make for a more effective operation in handling the complex and often interrelated civil rights matters requiring attention in any area. Under consideration is a proposal that an undetermined number of attorneys be stationed in field offices in areas where needed. The bulk of the money requested for travel, communications, utilities, printing and reproduction, and other services will be needed for the personnel of these sections to properly carry out their functions. Because of the uncertain nature of the problems which the enforcement of the new act will pose, it is impossible at this time to pinpoint the exact amounts required for travel and other expenses. The figures used herein represent our best estimate.

The Division reorganization contemplates that a new Documents Section be set up with present and additional personnel totaling 50 clerical assistants in addition to a section chief. This Section will have the primary function of gathering, coordinating, and making readily available all material information which can serve the legal staff. It will coordinate work presently carried on in a number of sections and facilitate the handling of the increased workload contemplated by the new act. The new section would perform the following functions—docketing of complaints, investigations, cases, and material matters; processing and preparation of voting records and school records; preparation of exhibits, charts, and graphs; compilation of statistics; mail distribution and control; maintenance of reference and editorial services; and preparation of necessary reports. An additional five clerical employees will be needed for a typing pool to absorb overloads and surplus typing work.



The Documents Section will require additional equipment necessary to carry out its functions efficiently, including a Xerox machine and two microfilm printer-reader machines. These machines will facilitate necessary and often urgent reproduction work now carried out for this Division by the Department's Administrative Services Section, very often on an overtime basis since other Department priorities frequently occupy Department machines to the limit during regular hours. The additional machines will be needed particularly in the reproduction of voluminous voting record exhibits in voting discrimination cases and in other instances.

The Appeals and Research Section is responsible for the review of trial court decisions in the courts of appeal and in cooperation with the Solicitor General, in the Supreme Court, in all cases under the jurisdiction of the Division. The Section will also exercise these functions with respect to the new statutory authority granted by the Civil Rights Act of 1964. The Appeals and Research Section is also responsible for legal research concerning problems of unusual difficulty; it prepares draft legislation and supporting legal memorandum; it establishes and maintains files of legal research, private litigation, and legislation; and it carries out the Division's responsibilities in the Federal custody field.

The Section presently consists of 11 attorneys and 7 clerical personnel. The Civil Rights Act of 1964 will vastly increase the responsibility of the Division generally, with a substantial increase in the workload of the Appeals and Research Section. Legal problems of considerable magnitude are expected in the fields of public accommodations, education, public facilities, and the denial of the equal protection of the laws.

The increase in personnel requested for that Section is six attorneys and five clerical assistants. It is believed that this increase will prove to be sufficient, although the number of appeals that will have to be taken and the extent to which key cases will settle many outstanding issues are impossible to estimate with any degree of accuracy at this time.

The Administrative Section requires an additional administrative assistant and an increase of the messenger staff from three to five, to service the additional Division personnel.

It is impossible at this time to predict with precision the full impact of the 1964 act. Our experience with the 1957 and 1960 Civil Rights Acts compels a conclusion that the enforcement of the various titles of the act within the jurisdiction of this Division will be challenged in all possible ways and at all stages. Until we have more experience with the novel problems the act will raise and the volume of work entailed, our request for 109 new personnel represents our best estimate of what we need now to operate effectively.

## Civil Rights Division

	1965, presently available <sup>1</sup>		1965, revised estimate		1965, increase	
	Number	Total salary	Number	Total salary	Number	Total salary
Grades and ranges:						
Special positions at rates equal to or in excess of \$20,000:						
Assistant Attorney General.....	1	\$20,010	1	\$20,010	-----	-----
GS-18. \$20,000: First Assistant.....	1	20,010	1	20,010	-----	-----
GS-17. \$18,000 to \$20,000: Second Assistant.....	1	19,510	1	19,510	-----	-----
GS-16. \$16,000 to \$18,000: Chief, Appeals and Research Section.....	1	17,514	1	17,514	-----	-----
GS-15. \$15,665 to \$19,270 Attorney.....	5	89,210	9	151,942	4	\$62,732
GS-14. \$13,615 to \$17,215:						
Administrative officer.....	1	14,976	1	14,976	-----	-----
Attorney.....	5	77,148	7	104,396	2	27,248
GS-13. \$11,725 to \$14,805.....	8	103,896	11	139,089	3	35,193
GS-12. \$9,980 to \$12,620.....	10	104,832	15	154,752	5	49,920
GS-11. \$8,410 to \$10,650.....	10	87,882	25	214,242	15	126,360
GS-9. \$7,030 to \$9,100.....	15	109,032	35	249,632	20	140,600
GS-8. \$6,390 to \$8,280.....	1	7,030	1	7,030	-----	-----
GS-7. \$5,795 to \$7,550.....	3	19,948	5	31,554	2	11,606
GS-6. \$5,235 to \$6,810.....	9	55,413	13	76,381	4	20,968
GS-5. \$4,690 to \$6,130.....	16	82,890	38	186,312	22	103,422
GS-4. \$4,215 to \$5,475.....	14	66,122	34	150,562	20	84,440
GS-3. \$3,880 to \$4,900.....	5	20,906	15	59,806	10	38,900
GS-2. \$3,620 to \$4,565.....	1	3,952	3	11,232	2	7,280
GS-1. \$3,305 to \$4,250.....	1	3,515	1	3,515	-----	-----
Total permanent.....	108	923,796	217	1,632,465	109	708,669
Deduct lapses.....	2.4	20,596	11.6	80,265	9.2	59,669
Net permanent (average number, net salary).....	105.6	903,200	205.4	1,552,200	99.8	649,000
Positions other than permanent:						
Temporary employment.....		15,000	-----	15,000	-----	-----
Intermittent employment.....		2,000	-----	2,000	-----	-----
Other personnel compensation:						
Regular pay above 52-week base.....		3,300	-----	5,800	-----	2,500
Personnel compensation.....						
Personnel benefits.....		923,500	-----	1,575,000	-----	651,500
Travel and transportation of persons.....		71,800	-----	120,500	-----	48,700
Travel and transportation of persons.....		124,000	-----	212,200	-----	88,200
Rent, communications, and utilities.....		36,400	-----	207,600	-----	171,200
Printing and reproduction.....		33,500	-----	62,500	-----	29,000
Other services.....		40,800	-----	80,000	-----	39,200
Supplies and materials.....		19,000	-----	24,000	-----	5,000
Equipment.....		6,000	-----	65,800	-----	59,800
Total obligations.....		1,255,000	-----	2,348,000	-----	1,093,000

<sup>1</sup> House bill (H.R. 11134).

## STATEMENT OF S. A. ANDRETTA

Chairman HAYDEN. We have with us today Mr. Andretta, representing the Department of Justice. We welcome you, sir.

Mr. ANDRETTA. Thank you. This is Mr. Burke Marshall, Assistant Attorney General in charge of the Civil Rights Division.

Chairman HAYDEN. We are glad to have him and all the members of the staff accompanying you. Do you have a prepared statement?

Mr. ANDRETTA. No, I do not.

Chairman HAYDEN. You may proceed.

## AMOUNT REQUESTED

Mr. ANDRETTA. The appropriation for the Civil Rights Division for 1965 is now in conference. It totals \$1,255,000. It provides for 56 attorneys and 52 clerks for a total personnel of 108 persons. This supplemental now before this committee is in the amount of \$1,093,000.

It provides for 49 additional attorneys, 60 additional clerks, or a total of 109 persons, so that the total to be available for the Civil Rights Division in 1965 if the full supplemental is approved is \$2,348,000 with a total personnel of 217 persons, 105 attorneys, and 112 clerks.

Senator ELLENDER. This is in addition to what you now have?

Mr. ANDRETTA. No. I just gave you the total including the addition of this \$1,093,000. That is in addition to what we now have.

#### EMPLOYEES IN CIVIL RIGHTS DIVISION

Senator ELLENDER. You have a special division?

Mr. ANDRETTA. Yes, the Civil Rights Division.

Senator ELLENDER. How many employees have you in that Division?

Mr. ANDRETTA. 108.

Senator ELLENDER. How many more will you have?

Mr. ANDRETTA. We are going to double it, by the addition of 109.

Senator ELLENDER. Double it?

Mr. ANDRETTA. Yes.

Senator ELLENDER. You will perform the same functions practically as you did before?

Mr. ANDRETTA. The same thing except we anticipate the work will be expanded under the Civil Rights Act. Mr. Marshall, who is head of the Division, will justify the request.

#### PERSONNEL COSTS

Senator McCLELLAN. This \$1,093,000 with your clerks averages \$10,000.

Mr. ANDRETTA. About that; \$700,000 is the personnel cost for 109 people.

Senator McCLELLAN. How much?

Mr. ANDRETTA. \$700,000 is the total for personnel.

Senator McCLELLAN. How much do you think you will need in the second year, a little more?

Mr. MARSHALL. We cannot answer that now, Senator, until we have had more experience under the 1964 act.

Senator ELLENDER. You will have everything straightened out in a year. This law will become obsolete. Everybody will comply so that you will lose your jobs.

Mr. MARSHALL. That is what we would like, Senator.

#### ANTICIPATED TROUBLE AREAS

Senator McCLELLAN. What particular fields do you anticipate you will have the most trouble? I guess you have made some analysis or appraisal of the situation generally?

Mr. MARSHALL. Senator, the new law gives us some new functions. Under title II, which is the public accommodations title, title III, which deals with public facilities, municipalities, title IV which deals with schools, title VI which deals with Federal programs; starting in July of next year, under title VII which deals with employment for which we are not asking any money at this time.

Senator McCLELLAN. That will make it up next year because you will have to have additional money for that.



Mr. MARSHALL. Unless we have overestimated what we need for other titles, that will be true. And title IX which gives the Attorney General new responsibility for intervention in cases of alleged denials of equal protection of the laws on the grounds of race and color.

#### FUNDS FOR VARIOUS TITLES

Senator McCLELLAN. Do you have anything in the bill under title IX this year?

Mr. MARSHALL. The appropriation, Senator, that we are asking, the supplemental appropriation, includes what we estimate will be necessary to enforce what additional responsibility we have under title II on public accommodations, title III on public facilities, title IV on schools, title VI on Federal programs, and title IX which is this intervention provision.

#### QUESTION OF PERSONNEL NEED

Senator McCLELLAN. Why do you think it will take so many people?

Mr. MARSHALL. Senator, these responsibilities are quite large.

Senator McCLELLAN. You don't think it has enough popular support to get compliance without this tremendous addition to staff?

Mr. MARSHALL. Senator, I think there has been a great deal of compliance and acceptance of the Civil Rights Act in the last month.

Senator McCLELLAN. That does not answer the question.

Mr. MARSHALL. Our best estimate is that we will need this many additional lawyers, 49 additional lawyers, to carry out our responsibilities under the act. That is our best estimate.

Senator McCLELLAN. Aside from the public accommodations, aside from the fair employment practices law?

Mr. MARSHALL. That is right.

#### TIME COVERED IN REQUEST

Senator McCLELLAN. How many months will this cover? One month you said.

Mr. ANDRETTA. There is a 1-month lapse in here. When we first prepared the estimate we figured on 11 months for personal services.

Actually, now we have a 2-month lapse. Undoubtedly there will be another month's saving. When we appeared before the House committee they indicated they were going to apply that saving to the pay raise money that is going to be needed.

#### FUND FOR PAY RAISE

Senator McCLELLAN. Should we put a limitation in there that all of it should be used for that and not for the pay raise? Is that what you mean?

Mr. ANDRETTA. I don't know how they were going to approach it. That is their idea.

Senator ELLENDER. The pay raise is going to be signed today.

Mr. ANDRETTA. Yes.

Senator McCLELLAN. Is this the justification, regular pay above 52-week base, total personnel compensation, \$651,500?

Mr. ANDRETTA. That is right, sir.

## TRAVEL OF LAWYERS

Senator McCLELLAN. Travel, \$88,000. What is this travel going to be for? Lawyers going out from the Department of Justice?

Mr. MARSHALL. That is correct, Senator.

Senator McCLELLAN. Are these 49 lawyers to be stationed here in Washington in the Department?

Mr. MARSHALL. Senator, we have under consideration, and we will have under consideration whether we should not put some of them in one or more regional offices. But at the moment, Senator, that has not been decided.

Senator McCLELLAN. I mean as of now, you don't have a breakdown as to how many you will have here and how many in the field?

Mr. MARSHALL. No, Senator.

Senator McCLELLAN. But this item does include all that you contemplate you will need for both or for either here and out in the field?

Mr. MARSHALL. That is correct.

## NO FURTHER LEGAL PERSONNEL REQUESTS

Senator McCLELLAN. In other words, you are not coming along and saying we will need some new district attorneys and in every office we have to put in an assistant district attorney to enforce this law, too.

Mr. MARSHALL. No, Senator.

Senator McCLELLAN. That is not contemplated now?

Mr. MARSHALL. No, Senator. This is the best guess that we have of the total cost of the enforcement of the new act to the Department of Justice.

Senator McCLELLAN. You are not saying, we need this money for the Department here and later you come in and say we need throughout the country, in many of our U.S. district attorneys' offices, we are going to have some additional assistant district attorneys to enforce it. That is not in contemplation now?

Mr. MARSHALL. It is not, Senator.

Senator McCLELLAN. Do you think you will need this much travel?

## AVERAGE TRAVEL FUNDS

Mr. MARSHALL. Yes, Senator. That is considerably less than our actual experience was during fiscal year of 1964. This asks for an average of about \$1,630 per lawyer. Our actual expenditures on travel during the past fiscal year was over \$2,300.

Senator McCLELLAN. This is on the basis of your general average for all purposes? You have predicated this estimate of \$88,200 on the basis of the number of attorneys and the amount of travel generally that is done by the attorneys; is that right?

Mr. MARSHALL. That is right.

Senator McCLELLAN. I suppose communications is somewhat on the same basis.

Mr. MARSHALL. That is right.

## SPACE NEEDS

Senator McCLELLAN. What do you mean by space? Will you have to rent space for these individuals?

Mr. ANDRETTA. Yes. We are badly crowded in the Department. We do not have any space unless we move somebody out of the building. In doing that, we have to get additional space outside and pay the going rent for it.

Senator McCLELLAN. What do you contemplate about space?

Mr. ANDRETTA. We contemplate getting 16,000 square feet of space outside the Department.

Senator McCLELLAN. What agency or division do you propose to move out of the Justice Building?

Mr. ANDRETTA. There will be a small number of people in the Criminal Division, some from my Division—the Administrative Division, and there will be a large number from the Civil Rights Division. They are already badly crowded.

#### PRIVATE RENTAL SPACE

Senator McCLELLAN. You anticipate this from private rental sources?

Mr. ANDRETTA. Yes, sir. GSA has a building all ready that they think we can move into. I believe the price is about \$5 a square foot, something like that.

Senator McCLELLAN. Per annum?

Mr. ANDRETTA. Per annum.

Senator McCLELLAN. If we keep increasing the functions of Government and the personnel of Government faster than we can build buildings—

Mr. ANDRETTA. Even if we put the people in the field, we would have to rent space because all our Federal offices are badly crowded now, field attorneys, and marshals' offices.

Senator McCLELLAN. I suppose all these items, then, have all been estimates made on the basis of your present operating experience?

Mr. ANDRETTA. That is right, sir.

Senator McCLELLAN. Now, this \$1,093,000. What is the other item?

Mr. ANDRETTA. We don't have any other item. I previously mentioned what is in the regular bill, what this supplements—

#### ADDITIONAL ATTORNEYS REQUESTED

Senator McCLELLAN. We did give you some additional attorneys in the bill.

Mr. ANDRETTA. No, sir; no additional help. You will recall when we were here before we said that we would submit a supplemental at the time that the act was passed.

Senator McCLELLAN. Any other questions?

Senator ELLENDER. As I understand you to say, you are asking for doubling of the force?

Mr. MARSHALL. Yes, sir.

Senator ELLENDER. And the additional work given to you under the present law will be how much more than you have had in the past? Three or four times?



## NUMBER ESTIMATED FOR YEAR

Mr. MARSHALL. Senator, this is our estimate of what it is going to cost us to enforce the new law this fiscal year.

Senator ELLENDER. I know, but this new law has given you or will give you much more work than you had in the past?

Mr. MARSHALL. Senator, our estimate is that we can handle that this year with this money.

Senator ELLENDER. I want to pay you a compliment because if you have been able to handle the acts of 1957 and 1960 with 45 and this new law I thought would take you about 3 or 4 times the people you had before unless the people you now have have not had too much work to do. It is either one way or the other.

Mr. MARSHALL. Senator, they work very hard.

## CASES HANDED THROUGH COURTS

Senator ELLENDER. In what field did they work very hard? Take registration and voting, how many cases did you have to handle through the courts in that field?

Mr. MARSHALL. I think we have now filed 63 cases under the 1957 Civil Rights Act.

Senator ELLENDER. Is that for the entire period?

Mr. MARSHALL. That is, Senator.

Senator ELLENDER. Sixty-three?

Mr. MARSHALL. The total number of cases that have been filed. I think 56 of those have been filed since I have been in office which would be 1961.

Senator ELLENDER. That is since the inception of the law.

Mr. MARSHALL. Since the inception of the 1957 act.

## PRESENT NUMBER OF LAWYERS

Senator McCLELLAN. How many lawyers do they have now?

Senator ELLENDER. Forty-nine.

Senator McCLELLAN. Forty-five; is it not?

Mr. MARSHALL. The present authorization that we asked for this fiscal year which was approved by the House and Senate is 56 lawyers.

Senator McCLELLAN. Fifty-six lawyers for the 60-some odd cases.

Mr. MARSHALL. There are other functions but they include handling those cases which are very difficult and complicated and arduous cases, Senator.

Senator McCLELLAN. I thought they were pretty simple.

## OTHER CASES UNDER OLD LAW

Senator ELLENDER. What other cases, if any, have you filed under the old law with the 49 attorneys that you now have?

Mr. MARSHALL. Senator, one field of operation which we file a number of cases was in connection with interstate travel. Most of that problem has been eliminated. But we did have, in 1961, which is the only experience that I can speak to, we had a good deal of segregation which was unlawful in bus stations, air stations, and railroad stations. We filed cases in connection with that during the last 2 years.

Senator ELLENDER. Those have been settled, you say?

Mr. MARSHALL. All have been litigated to a conclusion now, Senator. But that was all done by the Division in the past 2½ or 3 years.

Senator ELLENDER. What other field have you had?

Mr. MARSHALL. In connection with the school desegregation, Senator, until the 1964 act we didn't have any general power to initiate school suits, but we did have a responsibility in connection with interference or obstruction with court orders.

We filed a number of proceedings in connection with that, a number of proceedings each year in some places.

#### WORK OF CIVIL RIGHTS COMMISSION

Senator ELLENDER. Did your force gather all of the information necessary to prosecute these suits in the three categories you have just named or did the Civil Rights Commission assist you?

Mr. MARSHALL. No, Senator, the Civil Rights Commission has not assisted us.

Senator ELLENDER. I thought one of their functions was to look at the matters and turn them over to you for prosecution. Do you mean to say that they are idling along, they are not giving you any work to do?

Mr. MARSHALL. Senator, the Civil Rights Commission can speak for itself as to what it does.

Senator ELLENDER. I know, they write a lot of reports, I know that. But I am talking about furnishing you data and facts.

Mr. MARSHALL. Senator, they sometimes refer complaints to us but they do not and have never since I have been there, been used as an investigatory or factfinding arm of the Department of Justice.

It has been my understanding that Congress did not want it to be used in that fashion.

Senator CASE. They are not subject to you at all?

Mr. MARSHALL. That is right. They are an independent commission.

Senator CASE. You must have investigatory facilities of the Department available for your general work in preparation of specific cases, too; do you not?

#### FBI BUDGET

Mr. MARSHALL. The Federal Bureau of Investigation.

Senator CASE. Does their budget reflect additional work in this connection for the coming year, do you know?

Mr. ANDRETTA. I understand that they are contemplating a supplemental in connection with work that they anticipate under this new act.

Senator CASE. Thank you very much.

Senator ELLENDER. I am just wondering how much more—this is the third or fourth request we have gotten today for enforcement of the civil rights law. I guess Governor Collins will come for his after awhile.

Senator McCLELLAN. Yes, we have some more. I am going to hold a night session before we get through.

Senator CASE. Senator Holland ought to handle this for us.

## FEDERAL EMPLOYEES FOR LOCAL DISTRICTS

Senator MONRONEY. Does this amount of travel you show here indicate that you have to beef up the local district attorneys' offices with special prosecutors and special attorneys out of Washington?

Mr. MARSHALL. Our experience has been that the cases that we have had, had to be prepared and presented by lawyers working directly for the Civil Rights Division rather than by the local U.S. attorney's office. That is in civil cases brought under the Civil Rights Act.

Senator MONRONEY. Is this a temporary condition or will this continue to be the burden of Washington and not the burden of the district attorneys.

Mr. MARSHALL. I think so, Senator.

Senator MONRONEY. You are going to have to have a lot more attorneys than the ones you are now asking for in this increment.

Mr. MARSHALL. Not in our judgment.

Senator MONRONEY. There will be the injunctions and enforcement. How many sections will this branch enforce? All of them?

Mr. MARSHALL. This will enforce all except the employment section of the bill. Of course, we prepared this without any experience with this law. We prepared it on guess, and based on what has happened thus far, I think, this is not a bad guess. But we will have to look at it, of course, as time goes on.

Senator MONRONEY. I guess it will be low if you are going to assume the load for all the casework under the enforcement of these titles.

## RIOT FUNCTIONS

Senator McCLELLAN. What function or responsibility does the Department of Justice have in connection with this rioting and vandalism that has arisen out of this advocacy of civil rights under the new law? Do you have any authority, any duty to do anything about it?

Mr. MARSHALL. Senator, the new law deals with some very specific problems, voting, public accommodations, public facility, schools, Federal programs, and employment. They give us new responsibilities. They don't give us any general responsibility for the maintenance of law and order.

Senator McCLELLAN. The answer is that you have no authority, no duty in connection with this?

Mr. MARSHALL. I don't believe, Senator, that the new law affects the responsibility of the Department of Justice in connection with that. It tries to deal with some of the problems of discrimination.

Senator McCLELLAN. What about traveling, crossing State lines for the purpose of inciting riots and discord and stirring up trouble? Do you have any authority or jurisdiction in connection with that?

Mr. MARSHALL. Senator, not in my Division.

Senator McCLELLAN. Well, any division in the Department of Justice.

Mr. MARSHALL. I don't know of any law administered by the Department of Justice that reads in those terms.

## LEGISLATION FOR HANDLING RIOTS

Senator McCLELLAN. Do you have any prospect or any proposal, legislative proposal to submit in that regard to give you some authority



and some duty to try to handle these riots and this vandalism and all of this strife and trouble that is being created in different places throughout the country? Do you have any proposal or suggestion on the way to handle it?

Mr. MARSHALL. No, I do not, Senator.

#### OUTSIDE PRESSURES

Senator CASE. On that point, may I ask a question?

I think this is very important. At least, there has been in the popular press and rumor the suggestion that Texas oil money has been used to stir up some of the riots in New York and my State, and that the Communists have been interested in it. I am equally interested in whether it is Texas oil money or a radical conservative or Communist from the outside. I think somebody ought to check this.

Senator MONRONEY. Or any other organization, white or colored, that is influencing these riots.

Senator CASE. I think this is a matter of real concern that ought to be, will have to be the concern of Congress if the Department cannot take the lead here.

Mr. MARSHALL. If I could make this comment, Senator, I think there are very difficult constitutional questions involved, that the maintenance of law and order is primarily a local police authority.

Senator CASE. I know the Department's view on this. I have a great sympathy with it in many cases. But this is a national problem. Certainly the Texas oil money knows no State lines, nor do the Communist agitators whom I know move from New York into New Jersey.

#### USE OF INTERSTATE COMMERCE PROHIBITIONS

Senator McCLELLAN. We made the people in restaurants subject to interstate commerce. I don't see why we should not make a fellow crossing the State line to incite riots in another State, I don't see why we should not make that interstate commerce and try to prevent it. Can you tell us, is the Department now concerned about it and is it giving any study and does it anticipate that it will submit any proposal to the Congress to remedy the condition?

Mr. MARSHALL. Senator, I think everybody is concerned about these events as a matter of concern. If there is anything that is constitutional and makes sense, I am sure the Attorney General will suggest it to the Congress.

Senator McCLELLAN. I am asking you, do you know within your knowledge now, either of you, if there is any activity consideration in the Department of Justice with respect to this problem? Is a study being made of it with a view to submitting any recommendation to the Congress for legislation to deal with it?

Mr. MARSHALL. I don't believe so at this time, Senator, not in the terms that you suggested.

Senator McCLELLAN. You see the point I am making. We put the emphasis on just one aspect of it. We knew it was going to stir up trouble. But we haven't had any energy employed or exercised or used apparently to deal with the other end of the problem.

Now, we have the problem before us in its raw reality of what has happened.

Mr. MARSHALL. Senator, as far as these riots are concerned, the President has expressed his concern about it.

Senator McCLELLAN. We have all expressed an opinion.

#### PRESIDENTIAL DIRECTIVE

Mr. MARSHALL. He has directed the Federal Bureau of Investigation to look into the causes of them to the extent that it has jurisdiction. They are not ignored in the Department of Justice but we have not set up any special task force to try to propose legislation.

Senator McCLELLAN. That is what I am getting at. There has been no real action taken in the Department of Justice notwithstanding it was contemplated from the beginning, you were going to have these troubles. It was generally known by everybody, I think, it was expected. Yet, we have done nothing. We have not expended any energy or effort in the Department of Justice to try to find a solution or to recommend a remedy, a legislative remedy.

Mr. MARSHALL. Senator, there are two comments I would make. I think that it would not be true to say that the riots have anything to do with passage of the Civil Rights Act where they occurred. It is not a question of the problems that the Civil Rights Act deals with. That is one point I would like to make. The other one is that the Department has shown a good deal of concern over these problems and looked into them very thoroughly to see if there are any violations of existing Federal laws in connection with them.

#### QUESTION OF VIOLATION OF EXISTING LAW

Senator McCLELLAN. What is your judgment? Is there or is there not? You say you have paid a lot of attention to it. Is there or is there not a violation of existing law?

Mr. MARSHALL. I think it is possible that there would be violation of some Federal law, destruction of Federal property, or something like that in connection with the rioting. There is no general violation of Federal laws.

Senator McCLELLAN. Do you think there should be; is the Department making any study to ascertain whether there should be laws enacted, Federal laws enacted to try to deal with the problem?

Senator CASE. Or any phase of it.

Senator McCLELLAN. I am giving you the opportunity to say, "Yes, we are interested, we are going to do something about it, we are coming along."

#### POSSIBLE LEGISLATIVE PROPOSAL

Mr. MARSHALL. Senator, I want to state accurately what I understand is the situation. The Department is concerned about this. The President has expressed his concern. So has the Attorney General. We have looked into these matters with great thoroughness to the extent that we can. It may be that some sort of legislative proposal will develop out of that.

Senator McCLELLAN. Has anybody suggested or yet, discussed something?

Mr. MARSHALL. There has not.

Senator McCLELLAN. Not been one discussed in the Department so far as you know?

Mr. MARSHALL. No, Senator. There have been discussions but out of the discussions there did not emerge any proposal that we would yet say was definite enough to be under consideration.

Senator McCLELLAN. Very well. Are there any other questions?

Senator CASE. If this thing, in the minds of several of you who have been following so closely, should suggest the desirability of legislation, what would you do? How does the glint in your eye get to be a recommendation from the President?

Mr. MARSHALL. Senator, we would make the recommendation to the White House and if the President approved it, then he would make it to the Congress.

Senator CASE. In general, but a little more specifically. You would process it, I suppose, to the Attorney General?

Mr. MARSHALL. I?

Senator CASE. Yes.

Mr. MARSHALL. Yes.

Senator CASE. Would he take it up with the Bureau of the Budget? How does this thing work?

Mr. MARSHALL. The way it has worked in my experience, Senator, which is all I can speak to, is that at the first instance it would not be as formal as going through the Bureau of the Budget. I think the Attorney General would talk it over with the President to see if the President approved the idea enough so as to put staff work into the details of the legislation. It would be discussed with people down here probably before it was proposed.

Senator CASE. Thank you, Mr. Chairman.

Senator McCLELLAN. Thank you very much, gentlemen.



## DEPARTMENT OF COMMERCE

### COMMUNITY RELATIONS SERVICE

STATEMENTS OF LeROY COLLINS, DIRECTOR, COMMUNITY RELATIONS SERVICE; ACCOMPANIED BY LAWRENCE E. IMHOFF, DIRECTOR, OFFICE OF BUDGET AND FINANCE; JEROME HEILBRON, ATTORNEY, DEPARTMENT OF JUSTICE; AND RICHARD H. ADAMS, ADMINISTRATIVE OFFICER

#### 1965 BUDGET REQUEST

Senator McCLELLAN. The next relates to the Department of Commerce and the request of \$1,100,000 to cover the expenses concerning establishment of the Community Relations Service under title X of the Civil Rights Act of 1964. The estimate and supporting justification will be placed in the record.

(The information referred to follows:)

#### SUPPLEMENTAL ESTIMATES, HOUSE DOCUMENT 318

### DEPARTMENT OF COMMERCE

#### COMMUNITY RELATIONS SERVICE

##### SALARIES AND EXPENSES

*"For necessary expenses of the Community Relations Service established by title X of the Civil Rights Act of 1964, \$1,100,000."*

This proposed appropriation is necessary to establish the Community Relations Service, which will conciliate disputes, disagreements, or difficulties relating to discriminatory practices based on race, color, or national origin. In addition, the Service will hold hearings and otherwise act upon court referrals as provided in title II of the act.

"For expenses necessary to carry out the functions of the Community Relations Service established by title X of the 'Civil Rights Act of 1964,' \$1,100,000."

##### GENERAL STATEMENT

This appropriation request is submitted to implement the provisions of title X of the Civil Rights Act of 1964 (Public Law 88-352). Title X established a Community Relations Service in and as a part of the Department of Commerce to provide assistance to communities and persons in resolving disputes, disagreements, or difficulties relating to discriminatory practices based on race, color, or national origin which impair the rights of persons under the law, or which may affect interstate commerce.

Since this is a new Service with an apparent rapidly accelerating national need, it is impossible to forecast with assured accuracy the financing it will require adequately to perform the duties imposed upon it. It is the determination of the Department of Commerce and the Director that the purposes for which the Service is being established are to be fulfilled for the lowest cost consistent with efficient performance and management.

The Community Relations Service was described by President Johnson on July 2, 1964 as having "the task of helping communities solve problems of human relations through reason and common sense."

The Service may offer its services in cases of such disputes, disagreements, or difficulties whenever, in its judgment, peaceful relations among the citizens

of the community involved are threatened thereby. These services may be offered either upon its own motion or upon the request of an appropriate State, or local official, or other interested person.

The Director will be responsible for the establishment of policy and overall operations of the Service. He will be assisted by a Deputy Director who will be Acting Director in the latter's absence and will be directly responsible for supervising operations and relieve the Director of concern for the details of carrying on the work of the Service.

The first major category of activity will be carried out by the Associate Director for Conciliation under whom all conciliation and fieldwork will be performed. This office will be responsible for the acknowledgment, processing, evaluation, conciliator selection, conciliation, and reporting required by the receipt of a complaint under the law. The field activities undertaken on the Service's own motion will be carried out under his supervision. This office will also have the assignment of identifying, recruiting, and training conciliators to serve in either a permanent staff or intermittent capacity. Additionally, the Associate Director for Conciliation will be responsible for maintaining liaison with Government agencies with civil rights responsibilities and interests and those private organizations and agencies active in the civil rights and community relations fields.

The function assigned in title II, sections 204(d) and 205 of the bill is so broad that every dispute involving the use of public accommodations in the 19 States without public accommodations laws arising out of the Civil Rights Act could be laid at the doorstep of this arm of the Community Relations Service. While it is not expected that this will occur, the possibility emphasizes the enormous potential workload.

The second major area of Service activity will be that effort devoted to developing programs designed to foster an atmosphere of cooperative compliance with the requirements of the law, and thus prevent a substantial number of individual complaints. This program will be the responsibility of the Assistant to the Director for Program Development whose office will also be the repository of a wide range of information concerning community relations activities and developments to provide an up-to-date source of data and assistance for staff engaged in fieldwork. Program development will have the further assignment of providing material informing the public of the responsibilities of the Community Relations Service and how it may be utilized, in addition to being a source of information for individuals and communities seeking advice and guidance concerning community relations projects.

An amount of \$462,000 is requested for the 51 permanent positions necessary to carry out these responsibilities.

The Service proposes to utilize, on a when needed, intermittent basis, persons skilled in conciliating discriminatory complaints to supplement the staff. These people would comprise a panel of conciliators who would be available on short notice to investigate and conciliate the complaint at a rate not to exceed \$75 per day.

An amount of \$247,000 is requested to finance the use of the services of the conciliation panel.

The National Citizens Committee for Community Relations provides a panel of capable and respected community leaders appointed by the President and available to the Director of the Community Relations Service. They will be called upon and should be willing and available to visit communities in which there is the prospect of noncompliance with the Civil Rights Act of 1964 or reports of racial tension. They will meet with the leadership of the community to forestall, through persuasion, the occurrence of actions inimical to the spirit and letter of the law. Their use should be of a preventive nature primarily, although they may also be called upon to serve as conciliators under some circumstances. Members of the Citizens Council will serve without pay, but will be reimbursed for travel and per diem expenses, when called upon for special services.

The balance of the request, amounting to \$391,000, is required to cover other supporting expenses. Within this total, an amount of \$177,000 is included to carry out the extensive travel requirements necessary to fulfill the responsibilities of this Service.

Detailed justifications for other supporting costs follow :

## JUSTIFICATION OF OTHER OBJECTS OF EXPENDITURE

*Personnel benefits, \$44,000*

Funds requested for benefits include agency share of contributions to the civil service retirement funds and similar assessments calculated at 7.5 percent of the net cost of permanent positions and social security benefits for consultants.

*Travel, \$177,000*

## Staff:

Per diem: 800 days, at \$16 per day-----	\$13,000
Transportation: 200 trips, at \$200 per trip-----	40,000

Total-----	53,000
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## The National Citizens Committee for Community Relations travel:

Per diem: \$16 per day, 180 days-----	\$3,000
Transportation: 60 trips, at \$200 per trip-----	12,000

Total-----	15,000
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It is estimated that one or more members will visit a minimum of 60 cities during the year averaging 3 days each trip.

## Consultant travel:

Per diem: 3,300 days, at \$16 per day-----	\$52,800
Transportation: 140 trips, at \$400 per trip for 2 consultants per case-----	56,200

Total-----	109,000
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It is estimated that the Service will use the services of consultants in handling 140 cases, and that the average case will require 2 consultants to be in travel status for a period of 2 weeks.

*Rent, communications, and utilities, \$95,000*

*Rental of space.*—The estimate is based on an average of 125 square feet per employee at a cost of \$5.50 per square foot annually. Using this basis, the cost per new employee is \$687.50. For 51 employees the total space requirement is \$35,000.

*Communications cost.*—The principal cost of communications is estimated at \$50,000 for telephone service. In the interest of reducing travel wherever possible in order to expedite the settlement of disputes, it is contemplated that an unusual number of telephone calls will be required. All possible use of the Federal telecommunication service will be made. However, since racial disputes may arise in any community, large or small, extensive use of commercial lines may have to be made.

*Utilities.*—Expenses incurred will be charges for mail and messenger service, teletype, telephone installation charges, and related communication costs, \$10,000.

*Printing and reproduction, \$12,000*

The amount requested will cover various printing and reproduction requirements inherent in the administration of this program.

*Other services, \$21,000*

In the interest of economy, the Community Relations Service will not establish administrative service functions, but will obtain its services through centralized facilities furnished through the departmental working capital fund. These services include personnel placement, accounting, procurement, mail and messenger, and related activities.

*Supplies and materials, \$10,000*

The amount requested is to cover conventional office supplies at an approximate cost of \$200 per employee for this fiscal year.

*Equipment, \$32,000*

The equipment to be purchased is required to outfit the personnel of the Service with the basic office furniture and equipment such as desks, chairs, typewriters, conference tables, files, supply cabinets, wastebaskets, calculators etc. averaging approximately \$625 per employee.



*Program and financing*

[In thousands of dollars]

	1965, presently available	1965, revised estimate	1965, increase
Program by activities: Community relations service (costs-obligations).....		1, 100	1, 100
Financing: New obligational authority (appropriation).....		1, 100	1, 100

*Object classification*

[In thousands of dollars]

	1965, presently available	1965, revised estimate	1965, increase
Personnel compensation:			
Permanent positions.....		462	462
Positions other than permanent.....		247	247
Total personnel compensation.....		709	709
Personnel benefits.....		44	44
Travel and transportation of persons.....		177	177
Rent, communications and utilities.....		95	95
Printing and reproduction.....		12	12
Other services: Services of other agencies.....		21	21
Supplies and materials.....		10	10
Equipment.....		32	32
Total cost-obligations.....		1, 100	1, 100

*Personnel summary*

	1965, presently available	1965, revised estimate	1965, increase
Total number of permanent positions.....		51	51
Full-time equivalent of other positions.....		13	13
Average number of all employees.....		55	55
Employees in permanent positions, end of year.....		50	50
Employees in other positions, end of year.....		18	18
Average GS grade.....		11.3	11.3
Average GS salary.....		\$10, 710	\$10, 710

## Detail of personnel compensation

	1965, presently available		1965, revised estimate		1965, increase	
	Number	Total salary	Number	Total salary	Number	Total salary
Grades and ranges:						
Special positions at rates equal to or in excess of \$16,000: Director.....			1.0	\$20,000	1.0	\$20,000
GS-18. \$20,000:						
Deputy director.....			1.0	20,000	1.0	20,000
Associate director for conciliation.....			1.0	20,000	1.0	20,000
GS-17. \$18,000 to \$20,000:						
Special assistant to director.....			1.0	18,000	1.0	18,000
Assistant for program development.....			1.0	18,000	1.0	18,000
Volunteer group liaison officer.....			1.0	18,000	1.0	18,000
Government services liaison officer.....			1.0	18,000	1.0	18,000
GS-16. \$16,000 to \$18,000:						
Legal adviser.....			1.0	16,000	1.0	16,000
Field coordinator.....			4.0	64,000	4.0	64,000
GS-15. \$15,665 to \$19,270: Program evaluation officer.....			1.0	15,665	1.0	15,665
GS-14. \$13,615 to \$17,215:						
Information specialist.....			1.0	13,615	1.0	13,615
Administrative officer.....			1.0	13,615	1.0	13,615
Control officer.....			1.0	13,615	1.0	13,615
Conciliation specialist.....			8.0	108,920	8.0	108,920
GS-13. \$11,725 to \$14,805			3.0	35,175	3.0	35,175
GS-11. \$8,410 to \$10,650			1.0	8,410	1.0	8,410
GS-9. \$7,030 to \$9,100			5.0	35,150	5.0	35,150
GS-8. \$6,390 to \$8,290			2.0	12,780	2.0	12,780
GS-7. \$5,795 to \$7,550			6.0	34,770	6.0	34,770
GS-6. \$5,235 to \$6,810			9.0	47,115	9.0	47,115
GS-5. \$4,690 to \$6,130			1.0	4,690	1.0	4,690
Total permanent.....			51.0	555,520	51.0	555,520
Deduct lapses.....			8.6	93,520	8.6	93,520
Net permanent (average number, net salary).....			42.4	462,000	42.4	462,000
Positions other than permanent: Intermittent employment.....				247,000		247,000
Total personnel compensation.....				709,000		709,000

## PRESENTATION OF STATEMENT

Senator McCLELLAN. We welcome you, Governor Collins to make an explanation and give testimony supporting the request. Do you have a prepared statement?

Mr. COLLINS. I have, Mr. Chairman and members of the committee. I would like to file that, though. It is reasonably brief. Still I think I can make it a little briefer by summarizing it.

Senator McCLELLAN. Very well. Let it be printed in the record in full at this point. Now you may proceed to highlight it.

(The statement referred to follows:)

## STATEMENT BY DIRECTOR COLLINS

## IMPLEMENTING TITLES II AND X

Mr. Chairman and members of the committee, I am pleased to appear before you in support of the Department's supplemental request of \$1,100,000 for the Community Relations Service. An appropriation of funds in this amount is needed at this time to implement the provisions of title X and the referral authority of title II (sec. 204(d)) of the Civil Rights Act of 1964 which was approved by the President on the 2d of July. Title X established in and as a part of the Department of Commerce a Community Relations Service to provide assistance to communities and persons in resolving disputes, disagreements, or difficulties relating to discriminatory practices based on race, color, or national origin which impair the rights of persons under the Constitution or laws of the United States or which affect or may affect interstate commerce.

Perhaps I should make it clear at the outset that we have no certain way of knowing what eventually may be involved in carrying out this new responsibility of the Department and we will not know until we have had some operational experience under the new program. What we do know is that the new Service may offer its services in cases of disputes, disagreements, or difficulties whenever, in its judgment, peaceful relations among the citizens of any community involved are threatened thereby. These services may be offered either upon our own motion or upon the request of an appropriate State or local official or other interested person. The functions which are described under title X of the Civil Rights Act are so broad that any dispute in the country involving alleged discrimination on racial or ethnic grounds could be laid at the doorstep of the Community Relations Service. The Service will be restrained in accepting any assignment in which the opportunity for beneficial results is greatly limited but must be prepared to meet significant needs and the potential workload is very heavy.

It is our considered judgment that a minimum amount of \$1,100,000 is required to establish the new Service and fund its operations during the remainder of fiscal year 1965. I can assure you that Secretary Hodges and I are both determined that the purposes for which the Service is being established will be fulfilled for the lowest cost possible consistent with efficient performance and good management.

There are, of course, no funds yet appropriated to the Department of Commerce for the establishment of the Community Relations Service as a going operation and, therefore, action on this supplemental request is urgently required.

A detailed statement describing our requirements for fiscal year 1965 is contained in the justification material which has been supplied to your committee.

A summary breakdown of the \$1,100,000 request is as follows: It is our best estimate that a total of \$709,000 will be needed to cover personal compensation costs. Of this amount, \$462,000 would be used to fund 51 permanent positions and \$247,000 would cover the employment of experts and consultants. It is our view now that the number of permanent positions should be held to the relatively small number indicated, and that it will prove more economical to use the intermittent services of individuals experienced in conciliation and mediation to assist us from time to time in many of the cases involving disputes and disagreements. We are estimating at this time that we will use consultants in 140 cases and that 2 of these experts will be needed for a period of 2 weeks on the average case. Employment of consultants for this purpose at rates for individuals not in excess of \$75 per diem is specifically authorized under title X of the Civil Rights Act.

The remaining \$391,000 of the \$1,100,000 request is required for other objects of expenditure. We estimate that travel costs will amount to \$177,000 broken down as follows: \$53,000 for travel of permanent staff employees, \$109,000 for travel by consultants, and \$15,000 for trips to be made by members of the National Citizens Committee for Community Relations, who are appointed by the President. An amount of \$44,000 would be used to fund benefits related to personal services costs and \$170,000 is required for all other supporting expenses such as rent, communications, and utilities, printing and reproduction, services of other agencies, supplies and materials, and equipment.

I shall be pleased to try to answer whatever questions your committee may have concerning the functions of the Community Relations Service and the request for funds we have placed before you.

#### ORGANIZING CONCILIATION SERVICE

Mr. COLLINS. The Congress in order to provide a service at the national level to assist the communities of the Nation in resolving disputes and difficulties based upon discrimination or alleged discrimination provided for this Community Relations Service under title X of the Civil Rights Act of 1964. We are basically charged with the responsibility of organizing a competent conciliation service which will be available to go to communities and to provide assistance in the settlement of disputes and difficulties.

We also can offer our services to any community in any instance where it is felt our services would be of some value and advantage. Also under title II of the Civil Rights Act the Federal courts in those



States that do not have State civil rights acts are authorized to refer cases involving disputes dealing with public accommodations to this Service somewhat in the manner that a matter would be referred to a special master.

## FUNDING OF SERVICE

The Service is authorized to hold hearings, to seek to bring the parties involved together to gain compliance with the law and to seek to bring about a voluntary settlement of the litigation involved.

There is no accurate way to anticipate the number of cases that will be referred to us, but this budget request reflects the best thinking that we can give the matter based upon the studies that we have been able to make. We feel that the amounts requested represent a minimum of what will be required for the Service for the balance of this year.

## PERSONNEL COMPENSATION

It provides for \$790,000 total for the employment or compensation of personnel.

Senator McCLELLAN. Do we have a breakdown?

Senator HOLLAND. It is in the statement.

Mr. COLLINS. We anticipate the engagement of 51 staff personnel for \$462,000. We also include an item of \$247,000 for the payment of other personnel who will be engaged on a consultant or part-time basis. They will bring to a given situation special expertise and special ability for dealing with that situation.

We anticipate that that will be a rather substantial part of our service because when a matter arises—

Senator McCLELLAN. You mean this consultant business will be a large part of your work.

Mr. COLLINS. A substantial part because there will be such a variety, Senator, of circumstances involved and we want to bring to each particular circumstance, where we are seeking to conciliate, people who are well trained in that particular area and people who have the basic knowledge and understanding for assuring a successful conciliation effort.

## CONSULTANT IN SPECIAL FIELD

Senator McCLELLAN. Give me a concrete illustration of where you will go out and get a consultant in a special field.

Mr. COLLINS. I will be happy to do so. In fact, based upon very limited experience that we have had, one of the first matters that was referred to us was by a Federal judge in Louisiana, the situation there in St. Helena Parish. I am sorry that Senator Ellender had to go because he is probably personally familiar with this, too.

Senator McCLELLAN. I don't quite understand that.

## ST. HELENA PARISH, LA.

Mr. COLLINS. St. Helena Parish, La. It was a Federal district court order requiring desegregation of the schools within that parish effective on the 12th of this month. The judge recognized that the parish was ill prepared to undertake the accomplishment of that requirement from the appellate court.

The judge himself called in our service along with the Commissioner of Education in an attempt to find aid for the parish and a basis for a modified judgment or order. We sent into that situation the lawyer from our temporary staff who is being borrowed from the Department of Justice because we have no appropriation yet. We also got Dr. John Ivey, who was born and raised in Alabama, who has a very rich southern background in public education as Director of the Southern Regional Education Board. He is one of the leading educators in the Nation and is now dean of the College of Education of Michigan State University.

DR. JOHN IVEY, DEAN OF THE COLLEGE OF EDUCATION, MICHIGAN STATE UNIVERSITY

We got Dr. Ivey to go there with our lawyer to make an appraisal of this situation so that we could make recommendations and deal with the parties on both sides of the litigation as intelligently as possible and come up with the finest possible solution. I wish I could give you a happy ending to our story, but I can't.

I think Dr. Ivey did a marvelous job. We were in process of dealing with both the plaintiffs and the defendants involved when the judge, for reasons that he understands better than we do, entered a final order in that case. When he entered the order of course, it made moot issues that were before us.

I mentioned that to you because I think Dr. Ivey was able in that situation to do a better job and to assure a better job than anybody we could have just sent down from our permanent staff.

Senator McCLELLAN. Aside from being an educator, what are his special qualifications in this particular area?

Mr. COLLINS. Well, he understands the organization of school systems. He understands the elements involved in the transportation of pupils and there was a very complicated and difficult transportation problem in that case.

He has a broad knowledge of the formation of educational systems and especially he is oriented to the education problems of the South.

#### EMPLOYED BY BOARD

Senator McCLELLAN. Was he employed by your board?

Mr. COLLINS. Yes, sir; we engaged him. He volunteered upon request to undertake the case when we asked him to go down. He did a splendid job in response to our request.

Senator McCLELLAN. I understand the court did not get any benefit from what he did?

Mr. COLLINS. No; I would not claim that it did.

Senator McCLELLAN. I don't want to question that there may not be some instances where a consultant can be, you know, called in and used and may be used constructively and effectively. I did not want to question that. I do find this, however, it looks like everything that comes up in Government now we have to go out and hire a lot of consultants to tell us what to do.

In this particular field I think you might consult and you might find some people to consult with that will be very helpful but I don't know of any particular experts in this field, that it has been demonstrated that they are experts.

You might have a particular problem in an area where someone had experience. You speak here about transportation. I don't know what the problem involved. You thought he had some experience in the educational field where a consultant might have been helpful.

QUALIFIED PERSONNEL FOR SPECIAL CONCILIATION JOBS

Mr. COLLINS. I don't think of a consultant in the sense of having an expert that you go to for advice and counsel and that sort of thing. I am talking about qualified people for special conciliation jobs that need to be done. You need to engage them for that particular job but limit their engagement to that particular job.

Maybe there is a better name for those people than consultant but that is what I understand is the normal term applied to that type of employment.

Senator McCLELLAN. I said a moment ago there could be special circumstances where you would go out and get somebody like that. It might be very helpful.

Mr. IMHOFF. Mr. Chairman, we plan to hold the employment of permanent people to an absolute minimum in the early stages of organization of this new operation. We believe that it will be more economical in many instances for the Federal Government to employ the services of people as consultants on a per diem basis.

Senator McCLELLAN. It may be if you found someone who has a special knowledge that you could make use of. I would hope that this commission when constituted, whenever it is—the commission has not been appointed, has it?

Mr. COLLINS. We don't have the commission. I am the Director of the Community Relations Service. I have been appointed and I have been confirmed by the Senate.

Senator McCLELLAN. We don't have the commission yet, do we?

Mr. COLLINS. No, sir.

Senator McCLELLAN. We have the authorization for it?

Mr. COLLINS. There is no commission involved in this particular Service.

ADVISORY COMMITTEE

Senator McCLELLAN. There is a committee?

Mr. COLLINS. There is a committee.

Senator McCLELLAN. I am using the wrong word.

Mr. COLLINS. Let me tell you about that because that is an unusual circumstance. The President named this committee which is an advisory committee to the Service. It is not expressly provided under the law but I think the President very wisely constituted this committee. He has named some 300 to 400 people to this committee from all over the Nation. Almost every State is represented. Mr. Arthur Dean of New York is the chairman of the committee. It will hold its first meeting here in Washington next Tuesday in which it will consider ways in which it can be helpful in implementing and assisting us in the performance of our duties.

This is going to be a very fine pool of manpower and womanpower which will be available to us for much help.



## EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

Senator McCLELLAN. Pardon me. This is a Community Relations Service. I am confused. You have a Civil Rights Commission, too. The Commission has not yet been appointed.

Mr. COLLINS. There is an Equal Employment Opportunity Commission. That has not been appointed. But we have no direct relationship to them.

## CITIZENS COMMITTEE

Senator McCLELLAN. This committee has been appointed though or is in the process of being appointed.

Mr. COLLINS. It is a citizens committee. It is not a Government entity.

Senator McCLELLAN. They draw no pay except their per diem.

Mr. COLLINS. They are even paying their own way to come to this meeting here Tuesday because we have no way to pay them.

Senator McCLELLAN. This is more of a volunteer service that they are offering to render.

Mr. COLLINS. They are businessmen, professional men, educators, preachers. They are really a fine group of people on whom we can call. Now I will give you an example of how we can call upon these men. One member of this committee is a Mr. Manger, who is a hotel man, very experienced in the wide operation of hotel services throughout the country.

## VOLUNTEER HELP

He is dedicated and wants to be helpful in this situation. We had down in our State of Florida, Senator Holland, a request from the motel operators to have somebody come down and talk with them about what their responsibilities would be and how they could meet them. How they could deal with the practical aspects of the problem.

We asked Mr. Manger from this committee to go down and he did. I have had a splendid report on the value of his services. Now there was a man who is specially qualified, trained, and experienced to deal with a special facet of the problem. We will draw from this committee from time to time for similar assignments.

Senator, you are going to get more manpower effort for a dollar you expend on this service than from anything else you deal with because we are going to use a great deal of volunteer help. One of the most encouraging things about this whole business to me is that I get some 200 letters a day and a great number of them are from people who want to help.

There is something about this that has tapped the desire of people to serve. We are going to operate this service as economically as possible utilizing to the best advantage we can, qualified volunteer help.

Senator McCLELLAN. Of course, in the end it can be resolved for everybody to do what the Federal Government tells them to do in this field. If they tell them integrate, they have to integrate. The purpose is to try to get them to do it peaceably. That is what it amounts to.

Mr. COLLINS. Basically that is correct.

## COMMITTEE VOLUNTEERING TO ENCOURAGE COMPLIANCE WITH LAW

Senator McCLELLAN. So we ought to lay it on the record as what it is. This is a committee volunteering to try to go out and encourage people to comply with the law.

Mr. COLLINS. Complying with the law dealing with discrimination.

Senator McCLELLAN. That is what it is.

Mr. COLLINS. We do more than that though. That is we keep these people out of courts. I don't want to jeopardize Burke Marshall's budget here but if we do our job as well as I would like to see us do it I think his budget in years to come will be less.

Senator McCLELLAN. That is true.

Mr. COLLINS. The more people we can bring together.

Senator McCLELLAN. Of course it is your job to try to get them to do it as gracefully and peacefully as possible.

Mr. COLLINS. Yes, sir, with good heart and good feeling.

Senator McCLELLAN. I would just like to lay it on the line as I see it. Very well. Is there anything further?

## TRAVEL AND EXPENSES

Mr. COLLINS. The balance of \$391,000 of our request covers travel and other expenses involved. It is enumerated in the documents that have been filed.

Senator McCLELLAN. These are such meetings as you contemplate having next week of this committee?

Mr. COLLINS. Yes, sir.

Senator McCLELLAN. Do you think they will be frequent? I imagine you will have some regional and some statewide and so forth? They won't always come here in a national group I don't suppose.

Mr. COLLINS. They will meet as a whole group but very rarely, maybe once a year, something of that kind. It is important that they meet this time to understand what their responsibilities are. The President will speak to them and we will all try to give them a good view and interpretation of how they can best help. We are not paying their expenses for coming here. When we call on individual members to help us in a special way, if it requires going from Tennessee to Arkansas to help there or vice versa, we expect of course to pay their travel expense.

Senator McCLELLAN. Do they not draw per diem when they are on such trips?

Mr. IMHOFF. Only at the standard rate, \$16 a day. They receive no fee.

Senator McCLELLAN. Consultant would.

Mr. COLLINS. Consultants would. If we should get into a complicated situation like Harlem or Rochester or something like that. But there we will need an entirely different type of knowledge and expertise perhaps to find some way of being of assistance to a community like that.

Senator McCLELLAN. Is there anything further?

## ORGANIZED PROGRAM

Senator HOLLAND. Mr. Chairman, I would like to say that I find this modest request completely in line with what Governor Collins

suggested at the confirmation hearing would be his idea about what might be required in this first year of the operation. It would seem to me that it shows a well-organized program which I think this committee will want to support fully because if there is any chance to secure and continue peace in this whole difficult operation it is largely centered in the efforts of this community relations portion of the complete program.

I think it would be appropriate to say for the committee that we will be hoping for success in doing a very rough and difficult job.

Mr. COLLINS. Thank you, Senator. We will surely try. I don't know what we will be able to do but we will surely try.

#### RIOT DUTY OR RESPONSIBILITY

Senator McCLELLAN. Would you have any duty or responsibility in connection with riots and so forth that arise out of this issue?

Mr. COLLINS. If we can go into a community and help resolve disputes that erupt in riots, of course, that would be within our jurisdiction, but I do think it is well to understand that the kind of riots that we are having in these communities in the East are not the kind of disturbances that we normally think of as being related to civil rights. In these communities, civil rights, as we understand the issue—that is, right to vote, the right to public accommodations, and other rights—aren't really issues.

Senator McCLELLAN. They call it demand for equality; don't they?

Mr. COLLINS. Much of the problems stem from deep-seated causes that are related to discrimination. It is a far more complicated involvement. Actually this is hoodlumism. This is just an eruption from dissatisfaction by people who take the law into their own hands.

Senator McCLELLAN. That streams from this, their ambition and purpose is to get equal rights.

Mr. COLLINS. These are not civil rights demonstrations, Senator.

Senator McCLELLAN. What are they? I can't figure what they are if they are not.

#### LAWLESSNESS AND DISORDER

Mr. COLLINS. It is lawlessness and disorder.

Senator McCLELLAN. Of course it is. A civil rights demonstration can be lawless and disorderly.

Mr. COLLINS. They can be. All of them are not, of course.

Senator McCLELLAN. Of course you can have a peaceful assembly and you can have one that is disorderly. I am talking about the disorderly type. What function, if any, do you regard that your Committee has in connection with it?

Mr. COLLINS. If any community involved with dangers to its peace based upon disputes and disagreement centered in discrimination and if there is a practical opportunity to be helpful to that community under this law it is our responsibility to render that help.

#### COMMITTEE RESPONSIBILITY

Senator McCLELLAN. I think really it is somewhat remote we might say, any responsibility that your Committee has unless some agitation or something is started that involves this civil rights law, some issue



arising out of it that is threatening to increase to a point where violence might erupt, why I don't know that you would have any. But if such a situation arose where it was tending that way and it was an issue here, say over the segregation of a school, integration of a school, or something else, then you would probably have and your Committee would probably have a duty to go in there and see if you could reconcile the situation before it got to the point of a riot.

Mr. COLLINS. Yes, sir.

Senator McCLELLAN. That might well be. But I don't anticipate, I am not trying to say that you have a direct responsibility in every instance where one of these riots occur. I am not saying that. I was trying to get for the record here what responsibility, if any, is envisioned here with respect to your Committee in a situation that might involve a riot.

Mr. COLLINS. The riot would just be an incidence of a dispute.

#### DIRECTION, INVITATION, OR OFFER OF SERVICES

Senator HOLLAND. May I ask this. Even in the case that Senator McClellan outlines, where I think you would have jurisdiction, that jurisdiction would depend however on your being either directed by a court to go in or being invited by someone there to come in and help conciliate the situation would it not?

Mr. COLLINS. We can offer our services, Senator, in a situation where it is indicated that the peace of the community is threatened, we don't have to be formally invited, initially. We can offer our services. But, as I said to the committee, when they were considering my confirmation, we have to have the cooperation of the people in that community if we have any hope whatever of being able to render any help.

So we would have to be wanted by somebody there.

Senator McCLELLAN. For instance, in the event of a continuing bad situation in one of the cities of New York or New Jersey or I believe Kansas had one not long ago, and the mayor of that city in some despair over his inability to come to grips with it, would ask you to come in and discuss it with him you would be available of course to do so.

Mr. COLLINS. Yes, sir. We will go anywhere that we can be helpful and all States look alike to us.

Let me say this, and it is well for us all to realize it, there is no State in this Nation that is immune from difficulties in this area of discrimination.

#### PROBLEMS IN EVERY STATE

Senator McCLELLAN. I hope no questions I asked implied that.

Mr. COLLINS. No, sir, I did not mean to say that you had implied it. We have gone all over the Nation and we have visited 26 Governors in their capitals. They have had their people who are working in this area in meetings with us and talked over the problems. Even in areas of the Nation where you have a very minor disparity between people of different races or origins, there are some problems everywhere in this field.

Senator MONRONEY. I want to compliment you on the speed with which you have gotten underway and the progress you are making. As I understand it, the idea of this will be the part of an honest broker, you can move in on invitation, you can drop by where trouble is threatening and try to bring the groups together, open lines of communication and through various diplomatic means restore confidence in tranquil relationships between races; is that correct?

Mr. COLLINS. Yes, Senator.

Senator MONRONEY. Not to come in and try to coerce or order in any way but perhaps through suggestion of where ideas have worked in other communities you can bring those to these other places.

#### POWER OF REASON AND PERSUASION

Mr. COLLINS. That is right, Senator. We have no power of force. Any power we exercise is one of reason and persuasion.

Senator MONRONEY. You intend to have no local setups at all, it will be the national group that will be available as a sort of flying squadron to be called in and to meet with the leaders.

Mr. COLLINS. That is true. We have no plan for regional organization or local organizations. We will, of course, call on people who may be a short distance away and not everybody in every case would come from Washington.

Senator MONRONEY. Something like the Mediation Board in labor disputes. It takes a third party to come in perhaps.

#### EQUATED WITH MEDIATION BOARD IN LABOR DISPUTES

Mr. COLLINS. I don't think we can quite be equated with the Mediation Board in labor disputes because maybe the difference can be described this way. We will be helping the people to solve their problems themselves rather than trying to solve the problems for the people. I think the labor mediator really establishes and then advocates a certain basis for conciliation.

We want to encourage and help these people to make their own decisions and reach their own conclusions.

Senator MONRONEY. This is a very useful adjunct to the civil rights bill. I wish you all the luck in the world.

Mr. COLLINS. Thank you very much.

Senator CASE. I, too, want to join from the minority side of the table in expressing the happiness that we all feel in the Congress over your appointment and wish you the best in your job.

I am a little concerned about what seems to me to be developing in the absence of any overall responsibility for study and investigation and recommendation of these problems. I think you are quite right not to take a grandiose view of your responsibility or more properly perhaps of your authorities here. Yet if the Civil Rights Division is not going to study the deep underlying causes of the trouble we face, if you are, as perhaps you meant or did not mean to say in answer to Senator Monroney, going to be chiefly an honest broker in particular disputes as opposed to an adviser to all of us, as to getting at basic causes and problems, who then is going to have that function?

Where do you think it should rest or should it rest in somebody that does not now exist.

## FINDING CAUSES OF DISTURBANCES

Mr. COLLINS. When we go into a specific community, we will certainly be concerned with finding the causes from which the disturbances emanated. We will certainly be interested in being helpful to that community in developing a plan for the relief of those causes.

We don't have a grand design to develop national patterns because we are thinking of this matter in terms of the individual community.

Senator CASE. I don't question this at the moment. I know any agency in any new experience is well advised to start slowly and feel its way.

But I am a little concerned that this seems to be an area in which nobody has the big job.

## CIVIL RIGHTS COMMISSION'S RESPONSIBILITY FOR RECOMMENDING LEGISLATION

Mr. COLLINS. Doesn't the Civil Rights Commission really have the basic responsibility of recommending legislation?

Senator CASE. Well, there is a difference of opinion about this. I don't know—my viewpoint offhand without any deep study of it, is that they have little in the way of enforcement authority but basically they get facts and make recommendations.

Many of these cases involve much more than civil rights. In the North there is a good deal of hopelessness on the part of individuals sparked by the white backlash which makes these Negroes more frustrated than ever. They think that the whites are never going to let them out of this jail. There is much sociology involved here as well as anthropology.

I am wondering if we are looking at this in bigger terms. This is beginning to emerge. Not by way of criticism, but reaching out in the hope that you individually will try to give us a hand at the moment.

Because nobody is going to profit by this in any long-term sense either, politically. I wish you the very best. If you have anything else you wish to tell us either publicly or privately I would look to you as a source of most useful information.

Mr. COLLINS. Thank you, Senator.

Senator McCLELLAN. Thank you very much.

Mr. COLLINS. Thank you, Senator. You have been very patient today.





## COMMISSION ON CIVIL RIGHTS

### STATEMENTS OF HOWARD W. ROGERSON, ACTING STAFF DIRECTOR; ACCOMPANIED BY WILLIAM L. TAYLOR, GENERAL COUNSEL; MADELEINE O'BRIEN, ADMINISTRATIVE OFFICER; AND ARTHUR J. CRATEN, BUDGET ANALYST, GENERAL SERVICES ADMINISTRA- TION, U.S. COMMISSION ON CIVIL RIGHTS

#### SALARIES AND EXPENSES

Senator McCLELLAN. The next item relates to the Commission on Civil Rights and a request for \$295,000 to cover expenses of additional functions assigned to the Commission under title V of the Civil Rights Act of 1964.

The estimate and supporting justification will be placed in the record. (The information referred to follows:)

#### SUPPLEMENTAL ESTIMATES, HOUSE DOCUMENT 318

#### "COMMISSION ON CIVIL RIGHTS

#### "SALARIES AND EXPENSES

"For an additional amount for 'Salaries and expenses,' \$295,000."

Additional funds are needed to enable the Commission on Civil Rights to carry out two new functions assigned under title V of the Civil Rights Act of 1964: (a) to serve as a national clearinghouse for civil rights information; and (b) to investigate allegations of violation of voting rights.

Of the amount requested, \$205,000 will be used to provide 20 additional positions for a Technical Information Center and related field activity. The Center will collect and disseminate information with respect to denials of equal protection of the laws because of race, religion, or national origin. The remaining, \$90,000 will be used to provide five additional positions to enable the Commission to conduct investigations and hearings in response to specific complaints that individuals or groups are being unlawfully accorded or denied the right to vote.

#### STATEMENT OF ACTING STAFF DIRECTOR ROGERSON

#### 1965 SUPPLEMENTAL ESTIMATE

As you know, we have, by statute, a six-member Commission. All are non-resident. Recent nominations to two vacancies are before the Senate for confirmation at the present time. Upon notification of this hearing yesterday afternoon, I attempted to reach the four other members and found that three are out of the country and that it was also impossible for the fourth member to be present today.

We have a vacancy in the position of Staff Director which is also appointive.

I mention all of this merely to explain my presence before you today as principal witness on this request.

In this supplemental estimate for fiscal year 1965, the Commission is requesting \$295,000 for 25 additional positions and for other objects, as detailed in our justification, to carry out the new duties assigned to the Commission by the Civil Rights Act of 1964. Our original request was in the amount of \$985,000 for 76 positions.

The two new functions of the Commission are: (1) to serve as a national clearinghouse for civil rights information; and (2) to investigate sworn allegations of patterns or practices of vote fraud or discrimination in Federal elections.

The field of vote fraud is new to the Commission and it is difficult for us to know what this will mean to us in terms of commitments of staff and funds. This is a complaint-oriented responsibility which also makes prediction of workload highly speculative.

For the vote fraud function in fiscal year 1965, we are requesting five additional positions: four professional and one clerical. Some present staff resources will be diverted to this function. What we are planning is a unit of nine people to work as a vote fraud and investigations team. The total request for vote fraud is \$90,000.

For the clearinghouse function, we are requesting, in total, \$205,000 for 20 positions and related services. The heart of the clearinghouse function will be a Technical Information Center, staffed by 21 personnel. Fourteen of these 21 positions would be made possible by this request for funds. The other seven would be drawn from our present staff resources.

Six positions of the 20 here requested would be used for the field function of our clearinghouse program. These would be added to the staff of our present State Advisory Committee Division to work with and to supplement the work of the Commission's 51 advisory committees in the gathering, interpretation, and dissemination of relevant information at the State and local level.

We view a national clearinghouse in the civil rights field as essential, and perhaps long past due. The need for a comprehensive and authoritative central source of information was made more urgent with the passage of the Civil Rights Act of 1964.

To the extent possible, we have been responding in the past to the growing need for information concerning developments in the civil rights field. The resources that we were able to devote to this did not begin to meet the demand.

The number of current developments in this field is staggering; the amount of misinformation about them unbelievable.

We would establish a unit, a Technical Information Center, to gather in, systematically, from all resources, available information, to classify it, to abstract it, to have the capability of retrieving it, and to disseminate it through regular publications to the Nation at large.

We anticipate a large volume of requests for specific information from many sources, including the Congress, Federal agencies, State and local agencies, private organizations and businesses, as well as from individuals, interested citizens. Many of these requests require research; some are extremely complex. Our Technical Information Center must be capable of responding to such requests in timely fashion. On some occasions assistance from other subject area specialists on the staff will be necessary.

We feel that what we are requesting is the minimum necessary to perform our new functions in fiscal year 1965 in an effective and efficient manner while at the same time meeting successfully our other program goals and responsibilities.

#### APPROPRIATION LANGUAGE

"For an additional amount for 'Salaries and expenses', \$295,000."

#### GENERAL STATEMENT

The Commission on Civil Rights was created as an independent, bipartisan agency in the executive branch of the Federal Government, pursuant to Public Law 85-315, approved September 9, 1957. The original statutory life of the Commission was limited to 2 years with a final report on the activities of the Commission due to the President and Congress on September 9, 1959. Public Law 86-383, approved September 28, 1959, extended the life of the Commission for an additional 2 years. The Commission submitted a second report of its findings and recommendations to the President and Congress on September 9, 1961. Once more the Congress extended the life of the Commission for an additional 2 years through Public Law 87-264, approved September 21, 1961. The Commission's 1963 statutory report was submitted to the President and the Congress on September 30, 1963. Public Law 88-152, approved October 17, 1963, extended the life of the agency until September 30, 1964. Public Law 88-352, approved July 2, 1964, extended the life of the agency until January 31, 1968.

The Commission is composed of six members, appointed by the President, by and with the advice and consent of the Senate, who serve on a part-time basis.



The day-to-day administration of the Commission is assigned to a full-time staff director who is also appointed by the President, by and with the advice and consent of the Senate.

The specific functions of the Commission on Civil Rights are—

(1) to investigate allegations that citizens are being deprived of their right to vote and have that vote counted by reason of their color, race, religion, or national origin.

(2) to study and collect information concerning legal developments which constitute a denial of equal protection of the laws under the Constitution;

(3) to appraise the laws and policies of the Federal Government with respect to equal protection of the laws under the Constitution;

(4) to serve as a national clearinghouse for information in respect to denials of equal protection of the laws;

(5) to investigate allegations that citizens are unlawfully being accorded or denied the right to vote or to have their vote properly counted as a result of any patterns or practices of vote fraud or discrimination; and

(6) to prepare and submit interim reports to the President and the Congress and a final report of its activities by January 31, 1968.

#### BACKGROUND

The first report (1959) of the Commission was a one-volume document covering a limited area of study: voting, housing, and education. After the first extension was granted to the Commission in 1959, the Commission expanded its scope of inquiry to include not only voting, housing, and education, but also publicly connected employment and the administration of justice. In 1961, the report was issued in five separate volumes, each volume documenting and making findings and recommendations in one of the study areas. Since 1961 the Commission has published a number of reports submitted by its State advisory committee; it has issued staff reports and has itself made interim reports on matters of national concern. The 1963 statutory report summarized the Commission's work over the past 2 years in the fields of voting, education, employment, housing, administration of justice, and health facilities and services. Commission projects concerning civil rights problems in urban areas and on the Negro in the Armed Forces were also summarized in the 1963 report. The work of the Commission's 51 State advisory committees was summarized. A total of 27 recommendations for legislative or executive action was made.

The Commission's appropriation for fiscal year 1963 was \$959,500, and the 1964 appropriation is in the amount of \$985,000.

The justification that follows reflects the Commission's unanimous attitude toward efficiently and economically pursuing its new duties as defined by Public Law 88-352, approved July 2, 1964, the Civil Rights Act of 1964, during fiscal year 1965.

#### JUSTIFICATION

The annual appropriations request for fiscal year 1965, while assuming the extension of the life of the agency by the Congress, did not reflect new functions.

"Additional funds are needed to enable the Commission on Civil Rights to carry out two new functions assigned under title V of the Civil Rights Act of 1964: (a) to serve as a national clearinghouse for civil rights information; and (b) to investigate allegations of violations of voting rights.

"Of the amount requested, \$205,000 will be used to provide 20 additional positions for a technical information center and related field activity. The center will collect and disseminate information with respect to denials of equal protection of the laws because of race, religion, or national origin. The remaining \$90,000 will be used to provide five additional positions to enable the Commission to conduct investigations and hearings in response to specific complaints that individuals or groups are being unlawfully accorded or denied the right to vote." (Quoted from H. Doc. No. 318.)

The following paragraphs describe the Commission's interpretation of these new functions:

#### NATIONAL CLEARINGHOUSE

To function as a national clearinghouse requires not only a comprehensive collection of and repository for a vast amount of data, much of it of a complex legal and technical nature, but an ability to digest, abstract, and interpret or disseminate this information to the Nation. We must establish a unit not only

capable of responding quickly to a wide range of requests for information, but one which disseminates on a current and frequent basis information on developments in this field.

As the federally established clearinghouse we must be regarded as the authoritative national resource. We must be prepared to service the needs of the Federal, State, and local governments, public and private agencies working in this field, business, industry and labor, and the public at large.

Some present resources of the Commission will be utilized for this function, but an increase in personnel and funds is essential if we are to meet this responsibility effectively.

#### VOTE FRAUD

It is anticipated that most of our work in carrying out this new function will be in response to specific complaints. The previous experience of the Commission will not be too helpful in this work, but the experience of others indicates that vote fraud investigations are extremely time consuming, complex, and expensive.

Commission hearings may be required in instances where investigations of complaints appear to substantiate their validity, and a pattern or practice of election fraud or discrimination is evident.

Again, some present Commission resources will be made available for this new function, although a separate staff unit must be established since this new program will be largely unrelated to any other work of the agency.

In summary, this is a request for 25 additional positions and funds in the amount of \$295,000 for fiscal year 1965, to carry out the new functions for the U.S. Commission on Civil Rights created by Public Law 88-352, the Civil Rights Act of 1964.

*Personnel compensation and staffing.*—\$160,000 for 25 permanent positions distributed as follows:

	1965
Total permanent positions.....	25
Average employment (including w.a.e.).....	27

#### SUMMARY STATEMENT ON "OTHER OBJECTS" FOR 1965, SUPPLEMENTAL, \$135,000

*Personnel benefits, \$11,000.*—Includes contributions to retirement fund, \$8,800; health benefits, \$1,200; group insurance, \$400; and Federal Insurance Contribution Act, \$600.

*Travel and transportation of persons, \$40,000.*—For travel in connection with vote fraud investigations and hearings, \$35,000; clearinghouse services, \$5,000.

*Rent, communications, and utilities, \$20,000.*—For telephone and telegraph services, and payment of postage fees in connection with new activities.

*Printing and reproduction, \$15,000.*—For printing of publications necessary to clearinghouse activities.

*Other services, \$36,000:*

*Payments to commercial contractors, \$25,000.*—For stenographic services and reproduction of materials for new functions.

*Services of other agencies, \$11,000.*—For administrative services by GSA and for reimbursement to other agencies for health room services, office machine repair, furniture repair, and security clearances.

*Supplies and materials, \$5,000.*—For office and administrative supplies and materials necessary to the new functions.

*Equipment, \$8,000.*—For purchase of necessary equipment for increased staff and new functions.

*Program and financing*

[In thousands of dollars]

	Original estimate, 1965 (pending in H. R. 11134)	Revised estimate, 1965	Increase
Program by activities:			
Investigations and studies of civil rights matters (total program costs, funded) <sup>1</sup> .....	995	1,290	295
Change in selected resources <sup>2</sup> .....	-10	-10	-----
Total obligations.....	985	1,280	295
Financing: New obligational authority.....	985	1,280	295

<sup>1</sup> Includes capital outlay as follows: 1965, \$10,000.<sup>2</sup> Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1964, \$51,000; 1965, \$41,000*Object classification*

[In thousands of dollars]

	Original estimate, 1965	Revised estimate, 1965	Increase
Personnel compensation:			
Permanent positions.....	640	790	150
Positions other than permanent.....	50	60	10
Other personnel compensation.....	3	3	-----
Total personnel compensation.....	693	853	160
Personnel benefits.....	53	64	11
Travel and transportation of persons.....	98	138	40
Rent, communications, and utilities.....	30	50	20
Printing and reproduction.....	30	45	15
Other services.....	25	50	25
Services of other agencies.....	39	50	11
Supplies and materials.....	15	20	5
Equipment.....	2	10	8
Total obligations.....	985	1,280	295

*Personnel summary*

	Original estimate, 1965	Revised estimate, 1965	Increase
Total number of permanent positions.....	76	101	25
Full-time equivalent of other positions.....	6	10	4
Average number of all employees.....	77	104	27
Employees in permanent positions, end of year.....	74	98	24
Employees in other positions, end of year.....	5	8	3
Average GS grade.....	9.1	8.3	-0.8
Average GS salary.....	\$8,779	\$7,789	-\$990

*Average salaries and grades*

	Original estimate, 1965	Revised estimate, 1965	Increase
Average GS grade.....	8.8	9.1	8.3
Average GS salary.....	\$8,076	\$8,617	\$7,789



## Detail of personnel compensation

	Original estimate, 1965		Revised estimate, 1965		Increase	
	Num- ber	Total salary	Num- ber	Total salary	Num- ber	Total salary
<b>Grades and ranges:</b>						
Special positions at rates equal to or in excess of \$18,000: Staff director...	1	\$20,500	1	\$20,500	-----	-----
GS-17. \$18,000 to \$20,000: Deputy staff director.....	1	19,510	1	19,510	-----	-----
General Counsel.....	1	19,011	1	19,011	-----	-----
GS-16. \$16,000 to \$18,000:						
Director, Liaison and Informa- tion Division.....	1	16,515	1	16,515	-----	-----
Director, Programs Division.....	1	16,515	1	16,515	-----	-----
Director, State Advisory Com- mittees Division.....	1	17,014	1	17,014	-----	-----
GS-15. \$15,665 to \$19,270:						
Assistant General Counsel.....	1	16,702	1	16,702	-----	-----
Deputy Director Programs Divi- sion.....	1	16,702	1	16,702	-----	-----
Deputy Director, Liaison and Information Division.....	1	15,683	1	15,683	-----	-----
Special Assistant to Staff Direc- tor.....	1	16,182	1	16,182	-----	-----
Chief, Vote Fraud Group.....			1	15,683	1	\$15,683
GS-14. \$13,615 to \$17,215:						
Public Information Officer (Liaison and Information Division).....	1	14,082	1	14,082	-----	-----
Assistant Director.....	1	13,624	1	13,624	-----	-----
Supervisory attorney adviser.....	4	55,848	4	55,848	-----	-----
Chief, State and Local Activities Division.....			1	13,624	1	13,624
GS-13. \$11,725 to \$14,805.....	4	49,649	6	73,111	2	23,462
GS-12. \$9,980 to \$12,620.....	7	71,553	7	71,553	-----	-----
GS-11. \$8,410 to \$10,650.....	5	43,222	8	68,494	3	25,272
GS-9. \$7,030 to \$9,100.....	6	44,553	9	65,643	3	21,090
GS-8. \$6,390 to \$8,280.....	2	13,852	2	13,852	-----	-----
GS-7. \$5,795 to \$7,550.....	8	51,479	12	74,691	4	23,212
GS-6. \$5,235 to \$6,810.....	10	58,927	10	58,927	-----	-----
GS-5. \$4,690 to \$6,130.....	8	42,391	13	65,896	5	23,505
GS-4. \$4,215 to \$5,475.....	6	29,016	9	41,682	3	12,666
GS-3. \$3,880 to \$4,900.....	4	16,433	5	24,213	2	7,780
GS-2. \$3,620 to \$4,565.....			1	3,640	1	3,640
Total permanent.....	76	678,963	101	848,897	25	169,934
Deduct lapses.....	4.6	38,463	7.1	59,397	2.5	20,934
Net permanent (average number, net salary).....	71.4	640,500	93.9	789,500	22.5	149,000
Positions other than permanent: Inter- mittent employment.....		50,000		60,000		10,000
Other personnel compensation: Regular pay above 52-week base.....		2,500		3,100		600
Total personnel compensation.....		693,000		852,600		159,600
Salaries and wages are distributed as fol- lows: Salaries and expenses.....		693,000		852,600		159,600

## INTRODUCTION OF WITNESSES AND PRESENTATION OF STATEMENT

Senator McCLELLAN. Mr. Rogerson, we welcome your explanation and testimony in support of the request.

Mr. ROGERSON. Thank you, Mr. Chairman. On my right I have Mr. William L. Taylor, General Counsel; on my left, Miss Madeleine O'Brien, administrative officer; and on her left, Arthur J. Craten, budget analyst, of the General Services Administration.

Senator McCLELLAN. We welcome you.

Mr. ROGERSON. I have submitted a short prepared statement, Mr. Chairman.

Senator McCLELLAN. Very well, it may be placed in the record at this point. You may highlight it if you will.

## ADDITIONAL FUNCTIONS OF COMMISSION

Mr. ROGERSON. Yes, sir. As you know, the Civil Rights Act of 1964 assigned two additional functions to the Commission on Civil Rights, one, to serve as a national clearinghouse for civil rights information, and, two, to investigate sworn allegations of patterns or practices of vote fraud and discrimination in Federal elections.

The field of vote fraud is new to us. It is difficult for us to predict what kind of complaint will be filed with the Commission under this new function. It is a complaint-oriented function. For this vote fraud responsibility in 1965 we are requesting an additional five positions, four professional and one clerical. Some present staff resources will be diverted to this function so that we will have a section of nine people, seven professional and two nonprofessional working in the broad area.

The total amount of funds for this new function would be \$90,000 in this supplemental request. For the clearinghouse function we are requesting a total of \$205,000 for 20 positions and related services to those individuals.

## VOTE FRAUD COMPLAINTS

Senator McCLELLAN. What are you going to do on this vote fraud function? What complaints do you have to work on in the first place?

Mr. ROGERSON. We have had no complaints as yet on vote fraud. Several weeks ago we had a few that looked as though they might be vote fraud complaints but they related to elections several years ago.

Senator McCLELLAN. Don't go back too far in this.

Senator CASE. I was wondering, did it have anything to do with Chicago in 1960.

Mr. ROGERSON. We did not consider that the act was retroactive, Senator.

Senator McCLELLAN. Have you got any complaints now of vote frauds? What are they? I want to get some picture of what you have in that field that you want this money for. If you have no complaints and nothing to investigate why do you want to set up a staff?

Mr. ROGERSON. I don't believe we have had a Federal election since we had the vote fraud responsibility.

## JURISDICTION IN ELECTIONS

Senator McCLELLAN. You would have jurisdiction in Federal elections. You would have primary elections. After all the primaries, and we have had a good many this year, have you had any serious complaints about vote frauds?

Mr. ROGERSON. We have had no vote fraud complaints since the Commission has had the vote fraud responsibility but that has only been since July 2 of this year. I don't believe it is well known that we have this responsibility.

Senator McCLELLAN. What you are doing is setting up a small staff so as to be prepared if you get any complaint.

Mr. ROGERSON. Yes, sir. I anticipate we will have some as a result of elections this fall and we will investigate those complaints. I assume that any complaint that alleges patterns or practices of activity in regard to the conduct of an election which in any way dilutes the

ballot of one individual over another individual would be within the jurisdiction of the Commission under its responsibility.

#### ENFORCEMENT AUTHORITY

Senator McCLELLAN. All States have their own laws with respect to vote frauds and so forth. I am sure every State has some law on it. Mine does I know. Does this supersede the State laws?

Mr. ROGERSON. No, sir. We are a study and factfinding group. There is nothing in the legislation which gives us—

Senator McCLELLAN. You have no enforcement authority?

Mr. ROGERSON. No enforcement authority.

Senator McCLELLAN. All you do when you get a complaint is investigate it. Whom do you report to?

Mr. ROGERSON. We report to the President and the Congress. Now, we do have a subpoena power. The Commission could, if on investigation we found substantiation for these complaints, schedule a hearing at the site of these—

Senator McCLELLAN. Would you report also to the Attorney General or would your report to the President and the Congress be referred to the Attorney General?

Mr. ROGERSON. No. We report to the President and the Congress by statute.

#### CLEARINGHOUSE FUNCTION

Senator McCLELLAN. You are going to set up what division?

Mr. ROGERSON. We are asking for 20 positions for our new clearinghouse function under the act.

Senator McCLELLAN. What function is that? How does it operate?

Mr. ROGERSON. We anticipate a number of things. One, the heart of the clearinghouse would be a technical information center. We feel we need 21 personnel in this center. Fourteen of the new positions would go to this function and seven positions that we already have would be a part of this center.

There are a great many developments in the civil rights field around the country. There has been no central source for information. We feel such a central source is absolutely necessary. We must establish under our clearinghouse function a systematic way of collecting the information that exists, of classifying it, digesting it, disseminating it, and having it available to people on request. We think that with the new Federal functions of the new agencies and commissions that have been established as a result of the Civil Rights Act we will also be servicing the informational needs of these new Federal functions as well.

#### STATE ADVISORY COMMITTEE DIVISION

Six of the twenty positions that we are requesting here under this clearinghouse function will be assigned to what is now our State Advisory Committee Division to work with and through our 51 State advisory committees around the country in collecting, interpreting, and disseminating information on developments in the civil rights field.

Senator McCLELLAN. What grades will those 21 be?

Mr. ROGERSON. The grade structure I have here, sir. On the clearinghouse function?



Senator McCLELLAN. Yes.

Mr. ROGERSON. Remember, I said that we are using seven people that we already have on board. For the new positions we would have two grade 11's, four grade 7's, four grade 5's, a grade 4 clerk-typist, a grade 3 clerk-typist, a grade 3 file clerk and a grade 2 file clerk.

Senator McCLELLAN. When you transfer from one division to another you are going to refill those places?

Mr. ROGERSON. No, sir. You see, we have a small library and research group now which will be expanded to be this information center.

I have covered the six additional positions in the clearinghouse function which will be assigned to our State Advisory Committee Division to work in this other aspect of our clearinghouse program, working with and through the 51 State advisory committees that we have in the Nation, in the collection, interpretation, and dissemination of information.

#### NEED FOR CENTRAL SOURCE OF INFORMATION

We view the national clearinghouse in the civil rights field as essential and perhaps long past due. The need for a comprehensive and authoritative central source of information is made more urgent we feel by the passage of the Civil Rights Act of 1964.

This summarizes my statement. I will not read from it. We feel that what we are requesting is a minimum need for the new functions and will enable us to operate effectively and efficiently in carrying out the will of Congress as expressed in recent legislation.

Senator McCLELLAN. Just for 1 year. How much do you anticipate you will have to increase it next year?

Mr. ROGERSON. I am not entirely sure we will need an increase. This will depend on experience.

Senator McCLELLAN. Probably you can't tell until you get the experience.

#### LEVEL OF DEMANDS AND COMPLAINTS

Mr. ROGERSON. That is right. We don't know what the level of demand will be for a clearinghouse service or the level of vote fraud complaints. It is difficult to say that we will definitely need an increase.

Senator McCLELLAN. You think you are starting off with a minimum.

Mr. ROGERSON. We think we are starting off with what we need for 1965. Now we have some lapse here, of course, as a result of not having the funds at the beginning of the fiscal year.

So that the amount could be slightly more in the next fiscal year.

Senator McCLELLAN. One-sixth of it could be taken off because you have 2 months less.

Mr. ROGERSON. We anticipated this when we submitted the budget.

Senator McCLELLAN. Are you sure this is for 10 months instead of 12?

Mr. ROGERSON. This is for 11 months. We staggered for budget purposes the new people over a period running from August through October. We are into August so the lapse will be slightly larger than we have forecast here but not much.

Senator McCLELLAN. Very well. Are there any other questions?

## PERSONNEL

Senator MONRONEY. You have 76 positions.

Mr. ROGERSON. Yes, sir.

Senator MONRONEY. Do you think any of these additional positions could be absorbed from any of that 76 that you now have?

Mr. ROGERSON. Well, we think we have our people fully committed at the present time. We have 75 of those 76 position filled. Our people are busy and fully at work.

As I indicated we will be using some of these new people on work related to the new functions.

Senator MONRONEY. You show seven I think of your older people will be transferred to the vote fraud division.

Mr. ROGERSON. Four will be used in vote fraud and seven in the clearinghouse function, of our present people.

Senator MONRONEY. Fourteen out of twenty-one positions will be requested for clearinghouse functions. Will you be able to grab these men all of a sudden or will they have to be employed piecemeal as we go through the next 10 or 12 months?

Mr. ROGERSON. We have a good many applications that are already on file. There are only 25 positions involved here. In our planning we had a plan whereby they would come on over a period running from August 1 to I believe October 15.

Senator MONRONEY. So you have them staggered?

Mr. ROGERSON. Yes, sir.

Senator MONRONEY. That is all I have.

## ACCOUNTING FOR PAY INCREASE ACT

Senator CASE. Have you taken account of the Pay Increase Act?

Mr. ROGERSON. We have not taken account of the Pay Increase Act in our budget submission.

Senator CASE. Ten percent of that has to be absorbed.

Miss O'BRIEN. Ten percent in the House.

Senator CASE. I raised that partly with Senator Monroney's suggestion that you can absorb part of this in the budget. That has to be taken into account. You have allowed a 2.5-percent lapse figure for this purpose here as I see it.

Mr. ROGERSON. Yes, I think it will be slightly more than that.

Senator CASE. Because of the delay.

Mr. ROGERSON. Right.

Senator CASE. In general, if you got what you asked for you would be reasonably fixed under both the pay act and your lapse situation. Is that about right?

Mr. ROGERSON. Well, for at least absorbing 10 percent of it. I would have to analyze it more closely to say whether we could absorb more than that.

Senator CASE. Thank you.

Senator McCLELLAN. Very well. Thank you.

I will relinquish the chair to Senator Monroney.

# TREASURY DEPARTMENT

## BUREAU OF THE PUBLIC DEBT

### STATEMENTS OF D. M. MERRITT, COMMISSIONER OF THE PUBLIC DEBT; ACCOMPANIED BY R. A. HEFFELFINGER, ASSISTANT COMMISSIONER; W. M. WEIR, BUDGET AND ACCOUNTS OFFICER; AND JAMES D. BURRIS, DEPUTY DIRECTOR, OFFICE OF BUDGET AND FINANCE, TREASURY DEPARTMENT

#### JUSTIFICATION FOR SUPPLEMENTAL APPROPRIATION

The purpose of this supplemental request is to permit the Bureau to reprogram its funds for fiscal 1965, and to develop a financial plan and a work program that is more realistic in terms of currently known work volume, operating conditions, and fund requirements.

The 1965 fiscal year appropriation bill for the Treasury-Post Office Department and executive offices contains an amount of \$49 million for public debt operations. It is now clear that the basic work volume on which the estimates of operating costs that were included in the 1965 budget estimates have materially changed. Conditions not known or foreseeable at that time now confront the Bureau and it is estimated that we will require \$570,000 in addition to the \$49 million approved in the present appropriation bill.

The increase in the sale of savings bonds and the concurrent increase in redemptions makes it abundantly clear that we will require \$49,570,000 to provide sufficient stocks of savings bonds to satisfy public demand; to provide funds to pay paying agents due to the increase in volume of redemptions; to reimburse the Post Office Department an additional amount for penalty mail due to increased mailings; and to provide a minimal increase in staff to process the increased workload.

Development of a financial plan and a request for an annual apportionment of funds, as required by law, based on the \$49 million as presently in the bill approved by the Congress, would result in our inability to provide funds to process our current estimated volume of work; exhaust our funds for the printing of savings bonds as early as April 1965; and require a reduction in force resulting in a drastic reduction of service to the public as well as certain Government entities.

The additional funds herein requested would permit the development of a sound financial plan for the year and would (1) provide the sufficient stock of securities the accelerated sales program requires; (2) reimburse paying agents for redeeming bonds for the owners of U.S. savings bonds; (3) provide funds to pay for increased penalty mailings; and (4) provide a sufficient work force to insure prompt processing of these anticipated increased sales and redemptions.

#### INCREASED COSTS

All of the additional costs which directly bear on the need for additional funds relate to increases in estimates of workload. Among these are (1) increased sales of savings bonds (6.8 million pieces); increased redemptions of savings bonds on which stipulated fees are paid to qualified paying agents (2.0 million pieces); (3) increased costs to be paid to the Post Office Department for penalty mail (\$100,000); and (4) increase in personnel to handle the increase in volume of work.

The following tables indicate the revision in the volume estimates and an analysis of present revised estimate as compared with the 1965 funds available.



## U.S. savings bonds, series E—Revision of volume estimates, 1965 fiscal year

[In millions of pieces]

	Budget presentation	As of July 14, 1964	Change, col. 2-1
Sales.....	91.8	98.6	+6.8
Spoils.....	3.0	3.0	-----
Reissues.....	3.0	3.0	-----
Redemptions.....	86.5	89.8	+3.3
Subject to fee.....	84.3	86.3	+2.0

## Analysis of present revised estimate as compared with 1965 funds available

Appropriation or estimate	1965 estimate with funds available		1965 estimate revised	
	Cost	Percent	Cost	Percent
Administering the public debt:				
Bureau of the Public Debt:				
Operating expenses:				
Personnel compensation.....	\$10,836,000	22.1	\$10,947,000	22.1
Personnel benefits.....	830,200	1.7	839,200	1.7
Other objects of expenditure.....	4,397,800	9.0	4,497,800	9.1
Total, operating expenses.....	16,064,000	32.8	16,284,000	32.9
Reimbursements:				
Fees paid to paying agents.....	10,875,000	22.2	11,125,000	22.4
Services performed by Federal Reserve banks.....	12,150,000	24.8	12,150,000	24.5
Post Office Department:				
Savings stamp and bond sales.....	820,000	1.7	820,000	1.7
Penalty indicia and registered mailings (contract agreement).....	2,380,000	4.8	2,480,000	5.0
Total, reimbursements.....	26,225,000	53.5	26,575,000	53.6
Total, Bureau of the Public Debt.....	42,289,000	86.3	42,859,000	86.5
U.S. Savings Bonds Division:				
Operating expenses:				
Personnel compensation.....	4,912,000	10.0	4,912,000	9.9
Personnel benefits.....	359,000	.8	359,000	.7
Other objects of expenditure.....	1,440,000	2.9	1,440,000	2.9
Total U.S. Savings Bonds Division.....	6,711,000	13.7	6,711,000	13.5
Grand total appropriation or estimate.....	49,000,000	100.0	49,570,000	100.0

## ADMINISTERING THE PUBLIC DEBT

## Program and financing

[In thousands of dollars]

	Presently available	Revised estimate	Increase
Program by activities:			
1. Issuance, servicing, and retirement of savings bonds.....	31,444	32,014	570
2. Issuance, servicing, and retirement of other Treasury securities.....	9,656	9,656	-----
3. Maintenance and audit of public debt accounts.....	930	930	-----
4. Promotion of the sale of savings bonds.....	6,711	6,711	-----
5. Executive direction.....	159	159	-----
Total program costs, funded.....	48,900	49,470	570
Change in selected resources.....	100	100	-----
Total obligations.....	49,000	49,570	570
Financing: Unobligated balance lapsing.....			
New obligational authority.....	49,000	49,570	570
New obligational authority: Appropriation.....	49,000	49,570	570

*Object classification*

[In thousands of dollars]

	1965 Presently available	1965 Revised estimate	Increase
11 Personnel compensation:			
Permanent positions.....	15,621	15,732	111
Positions other than permanent.....	9	9	
Other personnel compensation.....	118	118	
Total personnel compensation.....	15,748	15,859	111
12 Personnel benefits.....	1,189	1,198	9
21 Travel and transportation of persons.....	486	486	
22 Transportation of things.....	575	575	
23 Rent, communications, and utilities.....	2,993	3,093	100
24 Printing and reproduction.....	557	557	
Printing of Government securities.....	2,100	2,200	100
25 Other services.....	307	307	
Services of other agencies:			
Federal Reserve banks.....	12,150	12,150	
Fees paid to paying agents.....	10,875	11,125	250
Post Office Department.....	320	320	
Bureau of Engraving and Printing.....	332	332	
26 Supplies and materials.....	305	305	
31 Equipment.....	563	563	
Total obligations.....	49,000	49,570	570

*Personnel summary*

	Presently available	Revised estimate	Increase or decrease (-)
Total number of permanent positions.....	2,760	2,787	27
Full-time equivalent of other positions.....	2	2	
Average number of all employees.....	2,602	2,629	27
Employees in permanent positions, end of year.....	2,675	2,702	27
Average GS grade.....	5.0	5.0	
Average GS salary.....	\$5,938	\$5,920	-\$18

*Average grade and salary*

	1963 actual	1964 estimate	1965 estimate
General schedule grades:			
Average GS grade.....	4.8	5.0	5.0
Average GS salary.....	\$5,619	\$5,906	\$5,920

SUPPLEMENTAL BUDGET REQUEST

Senator MONRONEY. We will next hear from the Treasury Department witness. We will hear from Commissioner Merritt on the Bureau of the Public Debt request for \$570,000.

You may proceed, Mr. Merritt.

Mr. MERRITT. Thank you, Mr. Chairman.

Senator MONRONEY. Have you a statement for the record? Can you brief it?

(The statement referred to follows:)

INTRODUCTORY STATEMENT OF D. M. MERRITT, COMMISSIONER OF THE PUBLIC DEBT

We appear before you today, Mr. Chairman, to discuss with you and members of your committee the need for additional funds above the \$49 million appropriated in the regular annual appropriation act for 1965, Public Law 88-302. Additional funds are urgently needed if the Bureau is to program its

1965 work schedules on a current basis. Within available funds it would be necessary to allot our money and plan our work programs in such manner as to recognize the development of substantial backlogs in several areas of the Bureau's operations which could work hardships on the bond-owning public and slow down the savings bonds program.

In the fact of a highly competitive market for savings, the sale of savings bonds, in terms of the number of pieces, has been increasing to the point that it is now estimated that piece sales will exceed the estimates as submitted to Congress by 6,800,000. For each of the last 8 months E-bond sales have exceeded a monthly average of 8 million pieces; it is expected that the same or higher average will prevail for the remaining months of this fiscal year. This condition, in our opinion, fully justifies our presentation of this supplemental request at this time.

Some portion of the increased sales is undoubtedly resulting from the reduction in individual income taxes. In addition, there has been an intensified drive during the past year on the part of the voluntary staffs of public spirited citizens promoting the sale of savings bonds as well as intensified efforts by the U.S. Savings Bonds Division which has added substantially to increased participation in payroll savings plans and with a resultant increase in the number of bonds sold. Based on past experience, we are aware that increases in sales will result in some increase in redemptions. In this connection, it is estimated that redemptions will exceed original volume estimates by approximately 3,300,000 pieces.

The combined increase in the total number of pieces to be sold and redeemed is in excess of 10 million. This increased volume cannot be processed within currently available funds. We are, therefore, requesting \$570,000 to defray the additional cost required to process the increased volume. These funds will permit the development of a sound financial plan for the year and will (1) provide a sufficient stock of savings bonds to satisfy the accelerated sales requirements; (2) reimburse paying agents for redeeming an additional volume of E-bonds for owners of this type of savings bond; (3) provide funds to pay for increased mailings of savings bonds; and (4) provide a sufficient work force to insure prompt processing of these anticipated increases in sales and redemptions.

That is all I have in the way of introductory remarks, Mr. Chairman, except to emphasize the fact that clearing up backlogged operations proves to be much more costly to the Government in the long run than maintaining operations on a current basis. I shall be pleased to attempt to answer any questions you or members of your committee may wish to raise. Thank you.

#### INCREASED WORK VOLUME

Mr. MERRITT. In summary the increased work volume in the Bureau of Public Debt since the committee heard our appropriation request for 1965 has required us to request additional funds for its operations.

I might say that the supplemental funds are not to further any promotional effort but to take care of the situation which exists now with this increasing volume which for the past several months has resulted in issuing over 8 million saving bonds and with the increase of redemption. We need funds in the amount of \$570,000: to purchase a sufficient stock of savings bonds so that the bonds can be issued during the entire fiscal year—we will run out of stock sometime late next spring; to reimburse the paying agents for redeeming savings bonds; to cover some penalty mail costs for the increased sales; and for a minimal increase in staff to process this increased workload.

#### DISTRIBUTION OF REQUESTED FUNDS

Senator MONRONEY. How much of that is for the printing of the bonds and the servicing of the printing propaganda and advertising for the bonds and how much is it for personnel?

Mr. MERRITT. Sir, there is none for advertising or promotional effort; \$100,000 is for the purchase of security stock.



Senator MONRONEY. You mean the unprinted?

Mr. MERRITT. The bonds, unissued bonds; \$250,000 to reimburse paying agents for fees for redeeming savings bonds under our agreement with them; \$100,000 to the Post Office for penalty mailing, covering the additional bonds that are to be issued.

Senator MONRONEY. For covering the bonds that will be issued.

Mr. MERRITT. Well, to be mailed.

Senator MONRONEY. This does not go to advertising or anything of that kind?

Mr. MERRITT. No, sir. And the balance, the \$120,000 covers the personal services including some \$9,000 of personnel benefits.

Senator MONRONEY. That—what is that \$9,000 personnel benefits?

Mr. MERRITT. Personnel benefits, retirement contributions—

Senator MONRONEY. These are fringe benefits to the personnel.

Mr. MERRITT. Yes, sir.

Senator MONRONEY. The total of \$120,000 deals with personnel, is that correct?

Mr. MERRITT. That is right.

#### PERSONNEL REQUEST

Senator MONRONEY. How many new jobs?

Mr. MERRITT. In the area of 27 positions.

Senator MONRONEY. Twenty-seven new positions? Why are those necessary?

Mr. MERRITT. I might say that in this increase in workload, which during the fiscal year is now estimated at more than 6 million pieces over the base on which the original budget was prepared, and with the increase in redemptions running at an estimated rate of over 3 million pieces there will be something over 10 million more to be processed.

#### BOND SALE

Senator MONRONEY. You are selling 6 million more bonds this year than you did before but you are also redeeming 3 million more than you did, is that correct?

Mr. MERRITT. I might restate it this way. The sales trend now indicates that there will be about 6,800,000 more bonds sold than were estimated at the time the appropriation was originally developed.

As a result of additional sales there will always be additional redemptions.

Senator MONRONEY. Why is that necessarily so? Do you go on percentage of outstandings?

Mr. MERRITT. It is partly that. As you sell more bonds you expect that more people will be unable to hold them the full period and they will be redeemed earlier.

#### WORK OF REQUESTED PERSONNEL

Senator MONRONEY. I am kind of disappointed to find that you are not set up so that you could absorb an increase without new personnel. What do these 27 new positions do?

Mr. MERRITT. They will be primarily in the field of key punching the stubs from these bonds that come into our processing plant and key punching information in the stubs for the redeemed bonds.

I might say that this punching operation is necessary because we are using a computer system which goes on tape. It is registration of the information relating to the people who bought the bonds. That information is used in handling claims for lost bonds and all the other activities that are involved in servicing.

Senator MONRONEY. This is all on E and F bonds.

Mr. MERRITT. E bonds and some series H transactions.

#### PERSONNEL ON E AND H BONDS

Senator MONRONEY. How many people are directly associated in that?

Mr. MERRITT. At the present time, in our Parkersburg office where the central processing unit is located, there are about 635 people.

Senator MONRONEY. Do they use the same computer that the Treasury does on checking income taxes?

Mr. MERRITT. No, those are Internal Revenue computers.

Senator MONRONEY. There is no interchange between the machines on automatic data processing?

Mr. MERRITT. They are in different locations. One is in Martinsburg, the other in Parkersburg.

#### INCREASED COSTS

Senator MONRONEY. What are some of the increased costs? This is quite a setup, \$570,000, that has developed since the hearings on the 1965 bill. It seems to me we only passed this bill a few weeks ago. These items could have been anticipated at the time the hearings were held before the Senate Post Office and Treasury Subcommittee.

Mr. MERRITT. Our analysis staff completed its reestimate of what the sales would be and the number of pieces for 1965 during the month of July on the basis of the latest information available and some time after the hearings on our regular appropriation bill.

Senator MONRONEY. Your total cost of your handling of the public debt is \$49 million I think in your regular appropriated bill. Is that correct?

Mr. MERRITT. That is what was appropriated.

Senator MONRONEY. What was your total personnel?

#### TOTAL PERSONNEL

Mr. MERRITT. Our total personnel, as of June 30 was slightly over 2,100 people in the bureau itself excluding the savings bond division.

Senator MONRONEY. 2,100 excluding the savings bond division.

Mr. MERRITT. The savings bond division is the promotional section of the Treasury savings bonds sales program.

Senator MONRONEY. How many do you have there?

Mr. MERRITT. There are 545 people.

Senator MONRONEY. Are these people who are supposed to be attached in the various States?

Mr. MERRITT. They are the personnel in the national office, in the regional, and in the State offices. They are the ones who develop the county organizations and local groups who sponsor the sale of bonds.

Senator MONRONEY. These 27 new ones will be exclusively used in the bookkeeping and accounting and the punchcard machine operating and recomputerization.

Mr. MERRITT. For the most part they will be keypunch operators taking care of this additional volume of work.

Senator MONRONEY. Senator Case, do you have any questions?

## OUTSIDE PRINTING CONTRACTS

Senator CASE. The Treasury prints or engraves all the bonds itself, it does not buy the work outside?

Mr. MERRITT. Well, the Treasury's Bureau of Engraving and Printing manufactures marketable securities. For several years we have contracted with IBM Corp. to prepare the punch card savings bond which facilitated operations through the use of the stub in automatic data-processing equipment.

Senator CASE. The actual evidence of debt is prepared by IBM as well as—

Mr. MERRITT. That is right.

Senator CASE. I haven't these lately. Are they just small cards?

Mr. MERRITT. They are 7¼—standard punch card size. The size of a Government check.

Senator CASE. This goes \$25 and up in denomination all the way?

Mr. MERRITT. That is right.

## SUPPLEMENTAL PER INCREASED COSTS

Senator CASE. This supplemental deals largely with your increased cost in issuance of additional bonds.

Mr. MERRITT. That is correct.

Senator CASE. The preparation, mostly however the accounting for the sales and the registration or whatever this computer operation is. They are all registered bonds.

Mr. MERRITT. That is correct so that we have to maintain a file and be able to service any inquiry or any claim that develops.

Senator CASE. Thank you, Mr. Chairman.

## LOST BONDS

Senator MONRONEY. Is there much effort devoted to lost bonds?

Mr. MERRITT. Yes. There have been many, many bonds lost. In some cases the people have a good record of the serial numbers and approximate dates they purchased them. In other instances we have to develop to some extent the information to help them.

Senator CASE. Do you make a charge for that?

Mr. MERRITT. No, sir.

Senator CASE. Should you?

Mr. MERRITT. Well, the bonds have been issued for many years under the regulations providing that if they are lost or destroyed that the Treasury will replace them. It would be breaking faith with them a bit if you curtail that now.

Senator MONRONEY. Are there any other questions. Thank you very much, Mr. Merritt.

Mr. MERRITT. Thank you, sir.



## BUREAU OF THE MINT

### SALARIES AND EXPENSES

#### STATEMENTS OF MISS EVA ADAMS, DIRECTOR OF THE MINT; FREDERICK W. TATE, ASSISTANT DIRECTOR OF THE MINT; GUNNAR C. WIGGEN, CHIEF ACCOUNTANT; AND JAMES D. BURRIS, DEPUTY DIRECTOR, OFFICE OF BUDGET AND FINANCE, TREASURY DEPARTMENT

#### JUSTIFICATION FOR SUPPLEMENTAL APPROPRIATION

A supplemental appropriation is requested for fiscal 1965, to provide \$4,500,000 for the production of approximately 3 billion additional coins, including added costs of storing, shipping, and protection, plus acquisition and modification of equipment, and the provision of additional space required for the coinage activity.

Seigniorage arising from the manufacture of the additional coins provided for in this request will result in the deposit of approximately \$40 million in additional revenue into the Treasury.

In order to carry out this crash program, the mint will continue the purchase of rolled nickel strip from outside industry to be used in the production of all 5-cent coins. Also, the purchase of bronze strip to be used in the production of 1-cent coins to the extent necessary to assure continuous operation of all available coin presses has been started.

The purchase of bronze and cupro-nickel strip will release employees presently assigned to the melting and rolling functions, for assignment to other coin manufacturing operations. Also, proof coin manufacturing operations will be discontinued at the end of calendar year 1964, and employees now engaged in the proof coin activity will be reassigned to regular domestic coinage functions to provide some personnel for the operation of additional equipment expected to be acquired. Personnel presently assigned to proof coin operations are now being paid from reimbursements received from the sale of proof coins. Upon reassignment to regular coinage, for the greatly expanded coinage production program, these personnel will be paid from appropriated funds from the supplemental appropriation. Also, additional space will be made available for the doubled stamping operations.

The production of 8,000 million coins during fiscal year 1965, as contemplated by this supplemental request, is based upon operating all coin stamping presses 24 hours per day, 7 days a week. Operations in the other functions will be at a rate which will provide the blanks necessary to run the presses 24 hours per day.

The mint does not now have the equipment necessary to carry out the proposed coinage program. For that reason, arrangements have been made to obtain blanking presses, blank annealing and cleaning lines, and stamping presses from the Department of Defense on a loan basis. These equipment items will be modified to make them suitable for mint operations, and funds for that purpose are included in this request. Funds are also included for the purchase of new items of equipment from private industry as shown in the attached list.

In order that the additional equipment items may be installed in the mints, it will be necessary to relocate some of the present equipment, and move some operations to different locations in the buildings. Plans include the use of proof coin space at Philadelphia, the present refinery space at Denver and other areas. In addition, plans call for the expansion of activities of the Assay Office at San Francisco by the acquisition of additional space in that building, in which blanking presses, blank annealing lines, and upsetting machines will be installed for the production of coin blanks from bronze and nickel strip. These blanks will be shipped to the Denver Mint, and some to Philadelphia, for stamping into coins.

The reassignment of employees from melting, rolling, and proof coin operations, plus some additional personnel, will enable the mints to produce coins 7 days per week, with staggered shifts, and will result in a substantial reduction in premium payments for overtime.

The following tables show (1) estimated production with available funds, (2) estimated production with increased funds, and (3) list of requirements for equipment acquisition and modifications, as well as conversion of space.

*Estimated production with available funds*

Denomination	Estimated production (pieces)	Estimated cost per thousand pieces	Estimated cost
1 cent.....	3,355,000,000	\$0.82	\$2,764,000
5 cents.....	600,000,000	1.34	804,000
10 cents.....	620,000,000	1.15	713,000
25 cents.....	280,000,000	2.61	730,000
50 cents.....	115,000,000	4.03	464,000
\$1.....	45,000,000	13.00	585,000
Total.....	5,015,000,000	-----	6,060,000

*Estimated production with additional funds*

Denomination	Estimated production (pieces)	Estimated cost per thousand pieces	Estimated cost
1 cent.....	5,568,000,000	\$0.54	\$3,035,000
5 cents.....	955,000,000	1.03	982,000
10 cents.....	795,000,000	1.18	935,000
25 cents.....	398,000,000	2.67	1,062,000
50 cents.....	239,000,000	4.77	1,137,000
\$1.....	45,000,000	13.00	585,000
Total.....	8,000,000,000	-----	7,736,000

*Purchase of equipment, conversion of space, etc.*

16 DOD presses, conversion.....	\$240,000
20 DOD blanking presses, conversion.....	120,000
2 DOD blanking annealing and cleaning lines, conversion and installation.....	30,000
5 proof coin presses, conversion.....	100,000
Additional handling equipment.....	240,000
15 new coin presses.....	340,000
4 blanking presses at \$50,000.....	200,000
6 upsetting machines.....	60,000
6 forklift trucks.....	75,000
300 coin bins.....	45,000
Total.....	1,450,000
Conversion of space:	
Philadelphia.....	200,000
San Francisco.....	400,000
Denver.....	150,000
Total.....	750,000
Grand total of conversions.....	2,200,000

## Program and financing

[In thousands]

	1965 original estimate	1965 revised estimate	1965 increase
Program by activities:			
Direct program (operating costs):			
1. Manufacture of coins (domestic)-----	\$6,060	\$7,736	\$1,676
2. Processing deposits and issues of monetary metals and coins-----	1,415	1,778	363
3. Protection of monetary metals and coins-----	1,001	1,262	261
4. Refining gold and silver bullion-----	630	630	-----
5. Executive direction-----	174	174	-----
Total direct operating costs-----	9,280	11,580	2,300
Capital outlay:			
6. Purchase of equipment, conversion of space, etc-----	700	2,900	1 2,200
Total direct program costs (obligations)-----	9,980	14,480	4,500
Reimbursable program:			
1. Manufacture of coins and medals-----	2,425	1,725	-700
7. Miscellaneous services to other accounts-----	175	175	-----
Total reimbursable program costs (obligations)-----	2,600	1,900	-700
Total program costs (obligations)-----	12,580	16,380	3,800
Financing: Advances and reimbursements from--			
Other accounts-----	-200	-200	-----
Non-Federal sources:			
Sale of proof coins-----	-1,770	-1,070	+700
Other-----	-630	-630	-----
New obligational authority-----	9,980	14,480	4,500
New obligational authority: Appropriation-----	9,980	14,480	4,500

NOTE.—Reimbursements from non-Federal sources above are receipts from foreign coinage (31 U.S.C. 367) (Jan. 29, 1874, 18 Stat. 6); and proceeds from sale of medals and proof coins, and uncirculated coins (31 U.S.C. 369 (as amended Sept 5, 1962, 76 Stat. 440)).

<sup>1</sup> See schedule attached.

## Object classification

[In thousands]

	1965 original estimate	1965 revised estimate	1965 increase (+) or decrease (-)
Personnel compensation:			
Permanent positions-----	\$7,937	\$8,873	\$936
Positions other than permanent-----	24	-----	-24
Other personnel compensation-----	1,100	800	-300
Total personnel compensation-----	9,061	9,673	612
Direct obligations:			
11 Personnel compensation-----	7,126	8,228	1,102
12 Personnel benefits-----	499	585	96
21 Travel and transportation of persons-----	45	60	15
22 Transportation of things-----	250	400	150
23 Rent, communications, and utilities-----	465	800	335
24 Printing and reproduction-----	20	20	-----
25 Other services-----	75	1,555	1,480
Services of other agencies-----	5	5	10
26 Supplies and materials-----	775	1,367	592
31 Equipment-----	700	1,420	720
42 Insurance claims and indemnities-----	20	20	-----
Total direct obligations-----	9,980	14,480	4,500
Reimbursable obligations:			
11 Personnel compensation-----	1,935	1,445	-490
12 Personnel benefits-----	136	93	-43
21 Travel and transportation of persons-----	5	5	-----
22 Transportation of things-----	165	140	-25
23 Rent, communications, and utilities-----	100	75	-25
24 Printing and reproduction-----	8	8	-----
25 Other services-----	10	8	-2
26 Supplies and materials-----	190	125	-65
31 Equipment-----	50	-----	-50
42 Insurance claims and indemnities-----	1	1	-----
Total reimbursable obligations-----	2,600	1,900	-700
Total obligations-----	12,580	16,380	3,800



*Personnel summary*

	1965 original estimate	1965 revised estimate	1965 increase (+) or decrease (-)
Total number of permanent positions.....	1,280	1,381	101
Full-time equivalent of other positions.....	6	-----	-6
Average number of all employees.....	1,251	1,352	101
Number of employees at end of year.....	1,270	1,396	126
Average GS grade.....	6.5	6.5	-----
Average GS salary.....	\$6,878	\$6,878	-----
Average salary of ungraded positions.....	\$6,102	\$6,102	-----

## GENERAL STATEMENT

Senator MONRONEY. We will next hear from Miss Eva Adams, Director of the Bureau of the Mint, on the \$4,500,000 supplemental request of 1965. We appreciate your being here and we are sorry for your having to wait until this late hour but we were taking them in the order of the schedule.

I believe you have a statement to file.

Miss ADAMS. Yes; I do. I would like to present a statement for the record and perhaps add a few comments.

(The statement referred to follows:)

## INTRODUCTORY STATEMENT OF EVA ADAMS, DIRECTOR OF THE MINT, RELATING TO SUPPLEMENTAL APPROPRIATION FOR FISCAL YEAR 1965

Mr. Chairman and members of the committee, it is my pleasure to explain the plans of the Bureau of the Mint for increasing the production of domestic coins, in order to alleviate the critical shortages which exist throughout the country. Despite recordbreaking production of domestic coins during each of the last 4 fiscal years, there were no coins in inventory in the mints on June 30, 1964, and inventories in the Federal Reserve banks and branches were at a dangerously low level of only 126 million coins, as compared to 535 million in 1962, and 476 million in 1963. Coins are being shipped from the mints as fast as they are produced, but production has been far short of the needs of the country. We continue to receive many complaints from banks and the public, and referrals from Members of Congress, regarding inability to obtain supplies of coins.

The regular appropriation for the fiscal year 1965 provides for the manufacture of 5,015 million domestic coins, a substantial increase over the 4,307 million coins produced in fiscal year 1964. It was anticipated that production of 5 billion coins would be accomplished with existing facilities, plus a minor addition to the Denver Mint expected to be completed by the end of December 1964. It soon became apparent that this quantity would be far from adequate to meet the demand, and drastic measures have been taken to effect a very substantial increase in the productive capacity of the mints. It is now estimated that a total of 8 billion coins can be produced during fiscal year 1965, and a supplemental appropriation of \$4,500,000 is requested for the production of the additional coins. This includes added costs of protection, handling and shipping, plus acquisition and modification of equipment, and the acquisition and conversion of additional space required for the coinage activity. Actions which have been taken, or are planned, to increase production include the following:

1. The mints at Denver and Philadelphia are now using purchased strip in the production of all 1-cent and 5-cent coins, permitting the entire melting and rolling capacity to be used in silver production.

2. Five new coin-stamping presses have been ordered, and an order will be placed for 15 additional presses.

3. Two old mint presses which had been retired from use will be restored and placed in operation.

4. Arrangements have been made with the Department of Defense for the loan of blanking presses, stamping presses, annealing equipment, maintenance equipment, and handling equipment to be used in the production of coins. We have

contracted for the conversion of 16 stamping presses and 16 blanking presses.

5. Arrangements have been made with the Frankford Arsenal in Philadelphia to anneal and clean, on a reimbursable basis, bronze blanks to be used in the production of 1-cent coins.

6. Space is being acquired in the San Francisco Mint building, and equipment will be installed at that location, for the production of minor coin blanks to be stamped into finished coins at the Denver Mint.

7. Employees are being added at the mints in Philadelphia and Denver to conduct coinage operations on a three-shift basis, 7 days per week, holding overtime at a minimum.

8. The manufacture of proof coins at the Philadelphia Mint will be temporarily suspended as soon as existing orders for 1964 proof coins have been filled, thus providing space and equipment for use in the manufacture of coins for circulation.

9. Space at the Denver Mint which is now assigned for other purposes will be used for the installation and operation of coin manufacturing equipment.

#### COINAGE ACTIVITY

The production of additional coins from the actions listed above will result in greatly increased costs, as compared with the cost if all work were performed in the mints with modern efficient equipment. However, it is imperative that production be increased as soon as possible, and normal operations will be resumed when the new mint in Philadelphia is completed. Seigniorage arising from the increased production will amount to approximately \$40 million.

An increase of \$1,676,000 is requested for the coinage activity.

#### DEPOSIT ACTIVITY

Production of 8 billion domestic coins will necessitate keeping shipping entrances open on a multishift basis, and will require additional personnel for handling and shipping the increased volume. An increase of \$363,000 is requested for the deposit activity.

#### PROTECTION ACTIVITY

The manufacture of coins on a round-the-clock basis, 7 days per week, and the keeping of shipping entrances open on a multishift basis, will require additional guards. An increase of \$261,000 is requested for the protection activity.

#### ACQUISITION OF EQUIPMENT AND CONVERSION OF SPACE

An increase of \$2,200,000 is requested, of which \$1,450,000 will be required for the purchase of new equipment, and the conversion of equipment to be obtained from the Department of Defense on a loan basis. The remaining \$750,000 will cover the conversion of space at Philadelphia, Denver, and San Francisco.

#### SUPPLEMENTAL REQUEST FOR COIN MANUFACTURE

Miss ADAMS. I well know the \$4,500,000 seems a rather large amount but I think it is fully justified by the fact that the mint has been faced with a very critical situation which we tried to anticipate and hoped would not become so serious but which had to be faced up to this spring.

Late in June, it became apparent that we had to have an actual crash program in order to meet the critical coin shortage and do something to avoid serious interruptions to the normal commerce and business of this country. Hence, we checked through very carefully and evolved an accelerated program for the production of coins, a crash program.

We will make 3 billion coins over and above what we estimated in our 1965 budget which will make a total of approximately 8 billion coins. This will require an additional appropriation of \$4,500,000 for 1965. We have the breakdown in the statement for what this will be spent.

## BREAKDOWN OF REQUEST

Senator MONRONEY. This shows exactly dollar per dollar the breakdown?

Miss ADAMS. Yes. The coinage itself will be \$1,676,000, but something that is frequently overlooked is that shipping coin requires a great deal of manpower. So, we will have \$363,000 for that. We also have additional guards for the extra shift which will be \$261,000; and our equipment and conversion costs will be approximately \$1,450,000 for the equipment which we must obtain by purchase or by loan and conversion and make available for the production of coins.

## TYPE OF EQUIPMENT NEEDED

Senator McCLELLAN. What kind of equipment is it?

Miss ADAMS. Primarily presses. What we need more than anything are the actual coin-stamping machines. We also, however, have to get blanking presses. I have a specification setting forth what we will be buying. We are getting much machinery from the Department of Defense and Industrial Reserve, these blanking or stamping presses that used to make ammunition.

Senator CASE. Are you borrowing them?

Miss ADAMS. We are borrowing them but, of course, we have to pay the cost of converting them to our use. I might point out that the extra 3 billion coins which we will make this year will return a seigniorage of approximately \$40 million. So, we are not actually losing money.

Senator MONRONEY. That will be profit to the Government in common, ordinary terms.

Miss ADAMS. That is right. This is not the kind of program we want to continue on a permanent basis because we want to run as efficiently and as economically as we have always done.

It is an emergency measure which everybody concerned felt should be taken. This was carefully discussed with our respective chairmen of the subcommittees and others.

## SEIGNIORAGE

Senator CASE. What is "seigniorage"?

Miss ADAMS. Seigniorage is the difference between the actual cost of a coin and the value of that coin when it is turned into money.

Senator CASE. The cost of metal plus the work on it is less?

Miss ADAMS. Yes; less than the value of the coin.

Senator CASE. In the case of all the coins you make?

Miss ADAMS. In the silver dollar we will have somewhat of a problem because, as you know, the silver was actually bought at less and has been remonetized to \$1.29 per ounce; the dollar, itself, contains \$1.00 worth of silver and even though we hope to make a thousand silver dollars for as little as \$12.50 or \$13.00 of manufacturing expense, that value of the silver presents difficulties.



## COINING SILVER DOLLARS

Senator McCLELLAN. You are not making any silver dollar coins in the 6 billion coins this year?

Miss ADAMS. Sir, that has not been determined. As you know, there is legislation pending which will permit us to keep the 1964 date on coins if the coin shortage is not over with. We do not wish to make a few silver dollars with the 1964 date between now and January. And, then, January 1, have to change to 1965, else you realize we won't have any in commerce at all.

Senator MONRONEY. The record shows that we did appropriate \$600,000 for the coinage of silver dollars, some 45 million of them in the regular appropriation bill.

Miss ADAMS. Yes, to be coined between now and June 30 of 1965.

## DATING OF COINS

Senator McCLELLAN. Miss Adams, there is controversy or issue as to whether the coins made after 1964 should be dated 1965 or be continued to be dated 1964. As a matter of policy, I don't know whether you should comment on that policy or not, or whether you are the one to decide it. I would like to know what the objection is though, to dating the coins 1965. I don't know what the reason is for making coins 1965 and putting a 1964 stamp on it.

Miss ADAMS. It was determined by the Treasury that the legislation should be recommended to Congress, presented to Congress. It is up to Congress to decide, of course, what we do.

Senator McCLELLAN. Congress will make the policy, then?

Miss ADAMS. Congress will make the decision. The reasoning, sir, is that, and this is a fact, there has grown up an unfortunate atmosphere—now we are all for legitimate coin collectors. Believe me, they are people who have a proper hobby and the historic nature of this hobby is certainly respectable and should be maintained.

## COIN SPECULATORS

However, we do not appreciate the activities of a group who must be called speculators, even beyond their hoarding. There is now a group who are gathering up the new coins, the 1964's particularly, for the purpose of selling them for a premium.

Senator McCLELLAN. You mean the Kennedy half dollar?

Miss ADAMS. The Kennedy halves are merely one example. It probably started with that. It has extended to the point where people are offering \$5,000 worth of nickels for \$5,500. The thing that happened was that this made such an impact that the coins no longer flow back to the bank. That is why the problem has become so acute.

## INCREASED FLOWBACK OF COINS

Since this legislation was proposed, Senator McClellan, there has been a drop in the price of 1964 coins which is very significant. In some areas, there has been a tremendously increased flowback into the banks of all coins.

Senator McCLELLAN. A lot of coins have come back in.

Miss ADAMS. Yes. Now, we have not surveyed it all through the country but this happens to be in Chicago which at one time was our

greatest sore point, where they were having the most trouble of all with the coin shortage. We hope continuation of the 1964 date will discourage hoarding of coins and will accomplish some results in alleviating the shortage of coins.

## DIMINUTION OF SPECULATION UNDER ACT

Senator McCLELLAN. In other words, stamping of 1964 and making them in 1965, would increase the number in circulation of that date and it would be impossible to tell from the standpoint of whether it was actually minted in 1965 or 1964, and thus the value, the speculative prospects, are very much diminished.

Miss ADAMS. That is correct, sir. You see, that was part of a program which we felt if it did not stop this hoarding and speculating, would certainly discourage it.

At the same time, we have had a very unfortunate problem with the proof sets because we could not make the number which were desired by collectors. So, we are suspending the making of proof sets for next year.

We announced at the same time our crash program and the making of 8 billion coins through the fiscal year. The program certainly should awaken these people to the fact that we are going to have coins in abundance. There is no sense putting them away in the hope of profiting from scarcity.

## PROOF COINS' SALE

Senator McCLELLAN. Are these proof coins the first ones run off to make a test?

Miss ADAMS. They are not the first ones, sir. They are ones which historically have been made. They are made in every country. They are specially done. We opened the regular orders on November 1. We had no problem until after the assassination of President Kennedy and the realization there might be a Kennedy half dollar in the proof set.

Then, of course we had 80,000 pieces of mail in Philadelphia one day. We are not a correspondence operation, we are a factory. So, it was very difficult. But we have had many problems this year. We are trying to solve them.

That is why we need a crash program. It costs money. We regret the need for requesting the additional funds.

Senator CASE. The proof set is a finely made coin?

Miss ADAMS. Yes. It is a beautiful, perfect specimen of the coin of the realm.

Senator CASE. You sell them at a premium?

Miss ADAMS. There are 91 cents worth of coins in a set. We sell them for \$2.10. It is a good source of revenue to the Government which we will have to forego temporarily.

Senator MONRONEY. Regardless of the date used on the silver dollars, the 45 million pieces will be authorized to be minted, is that correct?

Miss ADAMS. That is right.

Senator MONRONEY. The Treasury's theory is to keep the 1964 date on it, more will be used as legal tender and less will go into collector's items.

Miss ADAMS. That is right. We hope it will work out that way.

## QUESTION OF COMMITMENT OF REQUESTED FUNDS

Senator MONRONEY. In connection with the request you are making for this \$4.5 million, has any of that been committed up to date?

Miss ADAMS. You mean of the supplemental amount that we are requesting?

Senator MONRONEY. You are asking for a considerable amount for presses and all. This will have to be ordered pretty quickly, will it not?

Miss ADAMS. We have been operating under a continuing resolution. The Bureau of the Budget has allocated to us amounts to cover our necessary expenditures. The \$4.5 million will be used to cover our additional expenses when it is received. In the meantime, we are operating actually under the amounts which we had and which were apportioned with the consent of the Bureau of the Budget.

Senator MONRONEY. The amount for the machinery and equipment of that kind is \$1,450,000 and the conversion space in Philadelphia, San Francisco, and Denver Mints is \$750,000, total for conversion is \$2.2 million.

Miss ADAMS. That is right.

Senator MONRONEY. The remainder is labor expense; is that correct?

Miss ADAMS. Where are you, sir?

## EQUIPMENT AND CONVERSION OF SPACE

Senator MONRONEY. I was just finishing the first page here. The \$2,200,000 of the \$4,500,000—

Miss ADAMS. That is equipment and conversion of space. What we are doing is moving equipment around in the existing facilities pending completion of our new mint.

## PERSONNEL ADDED

Senator MONRONEY. How many personnel will be added?

Miss ADAMS. It will require 126 new employees to almost double our production. If that seems a strangely low proportion, in comparison with what we now have I might remind you that we are buying strip from outside industry and the people who have been, some of the people who have been working on the melting and rolling of strip will be transferred to the coining presses.

We are utilizing all the people—for instance those who will no longer be working on proof coin operations will be used in regular coinage because they are trained people.

Senator MONRONEY. The total salary addition will be working on a 24-hour shift?

Miss ADAMS. We will have three shifts 7 days a week which someone said amounted to four shifts but we consider it three.

## TOTAL ESTIMATED PRODUCTION

Senator MONRONEY. And the estimated total production from the funds you requested will be 8 billion coins? Is that correct?

Miss ADAMS. There will be 8 billion coins this fiscal year. By the time April, May, and June come we will be producing almost at the rate of 9 billion coins and we will then be equipped next year to pro-



duce approximately 9 billion coins because we will have the capability of doing it all the year around.

## DEMAND FOR COINS

Senator MONRONEY. Do you think this demand for coins will fall off or will it remain?

Miss ADAMS. I pray it will fall off. I can't see how it can do other than fall off in spite of automation and increased population, and so forth. We are pouring so many coins into circulation it will have to settle down someday.

Senator MONRONEY. With the exception of the dollar the seigniorage is \$40 million on all other coins?

Miss ADAMS. Yes, sir, on the additional 3 billion coins we plan to make this year.

## SILVER CONTENT OF DOLLAR

Senator MONRONEY. The Congress has not yet moved to change the silver content of the dollar?

Miss ADAMS. No.

Senator MONRONEY. Therefore, it is costing us about as much to make as its value is; is that correct?

Miss ADAMS. That is right.

Senator MONRONEY. Very nearly marginal, as I understand.

Miss ADAMS. That is right.

## QUESTION OF PERMANENT POSITIONS

Senator MONRONEY. These 126 new positions will be permanent additions to the mint?

Miss ADAMS. Yes. They are in the category of permanent positions.

Senator MONRONEY. They will be divided somewhat equally—

Miss ADAMS. We have more wage board actually than we do so-called white collar.

Senator MONRONEY. Very few white collar jobs are included in this increase?

Miss ADAMS. That is right.

## FUNDS FOR PAY INCREASE

Senator MONRONEY. No funds are provided here for your pay increase?

Miss ADAMS. No, sir. We certainly will absorb at least 10 percent. We will make every effort to absorb what we can. I doubt that we can absorb the whole amount. We will do our best.

Senator MONRONEY. Senator Case, do you have any further questions?

## PRESENT OBLIGATED FUNDS

Senator CASE. From what you said before, I was not quite sure whether you were actually now spending some of this money under authorization of the Budget Bureau.

Miss ADAMS. We have obligated certain amounts of money under our apportionment schedule. We have not actually spent it in that sense of the word but we have done this with permission.

Senator CASE. So that in a sense you are committed I take it, with the approval of the Bureau of the Budget for some of these expenditures for which you are asking these—

Miss ADAMS. That is true. We have been meticulous in keeping our subcommittee chairman advised. On June 25 we sent a letter to the chairman specifically saying we would need an additional—at that point we didn't have an exact figure—between \$4 and \$5 million additional appropriation for this program.

Senator CASE. Could we have for the record the amount that you have committed in anticipation of this budget supplementary appropriation up to the present time?

Miss ADAMS. We can work this up.

Senator CASE. Would you put that in and insert that in the record at this point?

Miss ADAMS. Yes.

Senator CASE. Also evidence of the Bureau of the Budget permission for you to do this?

Miss ADAMS. Yes, sir.

#### AUTHORITY FROM BUDGET BUREAU

Senator MONRONEY. Do you have a letter from the Bureau of the Budget giving you authority to reapportion on a deficiency basis?

Mr. BURRIS. Mr. Chairman, I am here before the committee in the capacity of Acting Departmental Budget Officer today. Perhaps I can clarify this. The Bureau of the Mint has not operated thus far in this fiscal year at a rate which would put it in a deficiency position but we are now negotiating with the Budget Bureau to get a deficiency apportionment which is a technical budget term for the authority to spend at an increased rate in anticipation that there will be a supplemental available to the Bureau of the Mint later in the year.

The plan, as Miss Adams has indicated, has been made to break the coin shortage and she and her staff have been moving with great energy to place it in effect. The plan contemplates spending at a higher rate during the year than the regular appropriation for 1965 would have authorized.

This has just recently been presented properly to the Budget Bureau in the normal apportionment procedure.

Senator MONRONEY. When are you required to have that?

Mr. BURRIS. We are required to submit the request to the Budget Bureau within 15 days after the regular appropriation bill was enacted, which was the first of August. Today was our deadline to the Budget Bureau. We hope for prompt approval action from the Budget Bureau, possibly next week.

Senator MONRONEY. We would like to be informed of the Bureau's recommendation.

Mr. BURRIS. We certainly will provide it to the committee when we get it. The law requires that the Congress be given notice of these actions.

Miss Adams. You realize time was of the essence.

#### NO ACTUAL EXPENDITURE

Senator CASE. You have not actually spent then or obligated any of the additional funds so far?

Miss ADAMS. No.

Senator CASE. So that there will be no figure appearing in the record of the amount you have obligated or spent; is that correct?

Mr. BURRIS. For the entire month of July, since our regular bill had not then been enacted, we and most other agencies were operating under the authority of the continuing resolution which merely provided that we could continue operations at the rate in effect last year.

Senator CASE. And no more.

Mr. BURRIS. And no more.

#### AUTHORITY FOR DEFICIENCY APPORTIONMENT

Senator CASE. Do you know offhand for my own information what is the number of the authority for deficiency apportionment, or whatever you call it, on the part of the Bureau of the Budget, in a circumstance like this one? You were asking for approval of a deficiency allocation or something like this?

Mr. BURRIS. Yes.

Senator CASE. Does this apply only when you are operating under a continuing resolution?

Mr. BURRIS. No.

Senator CASE. Never then?

Mr. BURRIS. This requirement for a deficiency apportionment is related to a situation in which you have to make a special determination—the head of the agency, in our case the Secretary of the Treasury, must make the determination that it is necessary to operate at a deficiency rate in anticipation of the supplemental and only when such a certification is made can we request it and can the Budget Bureau approve it.

Senator CASE. Can this be done whether you are operating under a continuing resolution or in the course of your regular appropriation expenditures?

Mr. BURRIS. I will have to say, frankly, I am not sure, on that point, Senator Case. I believe that course of action was not available to us when we were operating under the continuing resolution.

Senator CASE. Do you know what the limit of authority of the Budget Bureau is to grant a request of this sort?

Mr. BURRIS. I don't know of any specified limit in terms of dollars, but the conditions are very restrictive.

Senator CASE. Maybe our staff can advise me about this. This is something I hadn't known about before.

#### PROVISION OF ANTI-DEFICIENCY ACT

Miss ADAMS. Subparagraph C of section 665 of the Anti-Deficiency Act—

Mr. BURRIS. This is a provision in the Anti-Deficiency Act. I, frankly, don't know what limits there may be on the Budget Bureau authority in these cases.

#### COMMITTEE RECESS

Senator MONRONEY. Miss Adams, we thank you very, very much for your appearance here. The committee stands in adjournment until 10 a.m. tomorrow, Saturday, when we will hear from Sargent Shriver on the antipoverty program.

(Whereupon, at 6:30 p.m., Friday, August 14, 1964, the committee was recessed, to reconvene at 10 a.m., Saturday, August 15, 1964.)





# THE SUPPLEMENTAL APPROPRIATIONS BILL FOR 1965

SATURDAY, AUGUST 15, 1964

U.S. SENATE,  
COMMITTEE ON APPROPRIATIONS,  
*Washington, D.C.*

The committee met at 10:10 a.m., pursuant to recess, in room S-128, U.S. Capitol, Hon. Carl Hayden (chairman of the committee) presiding.

Present: Chairman Hayden, Senators Ellender, Byrd, Young, and Allott.

## EXECUTIVE OFFICE OF THE PRESIDENT

### OFFICE OF ECONOMIC OPPORTUNITY

STATEMENTS OF OFFICE OF ECONOMIC OPPORTUNITY: R. SARGENT SHRIVER, SPECIAL ASSISTANT TO THE PRESIDENT; JACK T. CONWAY, COMMUNITY ACTION PROGRAM; JOHN W. CARLEY, JOB CORPS; GLENN W. FERGUSON, VISTA; WILLIAM P. KELLY, MANAGEMENT; CHRISTOPHER WEEKS, PROGRAM; WILLIAM T. WOLFREY, BUDGET. DEPARTMENT OF AGRICULTURE: HOWARD BERTSCH, ADMINISTRATOR, FARMERS HOME ADMINISTRATION; CLARE HENDEE, DEPUTY CHIEF, FOREST SERVICE. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE: DR. FRANCIS KEPPEL, COMMISSIONER OF EDUCATION; DR. ELLEN WINSTON, COMMISSIONER OF WELFARE; JAMES F. KELLY, COMPTROLLER, HEW. DEPARTMENT OF THE INTERIOR: DWIGHT F. RETTIE, STAFF ASSISTANT, OFFICE OF SECRETARY OF THE INTERIOR. DEPARTMENT OF LABOR: JACK HOWARD, ASSISTANT TO UNDER SECRETARY OF LABOR; AND SAMUEL GANZ, EXECUTIVE OFFICER, MANPOWER ADMINISTRATION

Chairman HAYDEN. The committee will be in order.

We will hear Mr. Sargent Shriver present testimony on the request of \$947,500,000 for the economic opportunity program, House Document 337. The justifications will be inserted at this point.

(The justifications referred to follow:)

#### "ECONOMIC OPPORTUNITY PROGRAM

*"For expenses necessary to carry out the provisions of the Economic Opportunity Act of 1964 (Public Law 88-452, approved August 20, 1964), \$947,500,000, of which \$412,500,000, plus reimbursements, shall be available for youth programs under Title I; \$300,000,000 for community action programs under Title*

II; \$35,000,000 for special programs to combat poverty in rural areas under Title III, Part A (which shall be available for transfer to the Economic Opportunity Fund and shall remain available until expended); \$150,000,000 for work experience programs under Title V; and \$50,000,000 for (1) adult basic education programs under Title II, (2) volunteer programs under section 603, (3) expenses of administration and coordination of anti-poverty programs under Title VI, and (4) migrant agricultural employees programs under Title III, Part B (including transfers to the Economic Opportunity Fund for loans under section 311, and amounts so transferred shall remain available until expended): Provided, That this appropriation shall be available for the purchase and hire of passenger motor vehicles, and for construction, alteration, and repair of buildings and other facilities, as authorized by section 601 of the Economic Opportunity Act of 1964; Provided further, That this appropriation shall not be available for contracts under Titles I, II, V and VI extending for more than twenty-four months: Provided further, That this paragraph shall be effective only upon the enactment into law of H.R. 11377 or S. 2642, Eighty-eighth Congress."

EXECUTIVE OFFICE OF THE PRESIDENT,  
OFFICE OF ECONOMIC OPPORTUNITY—  
ECONOMIC OPPORTUNITY PROGRAM

Program and financing

[In thousands of dollars]

	1965 estimate
<b>Program by activities:</b>	
1. Youth programs:	
(a) Job Corps:	
(1) Program expense.....	72,500
(2) Program direction.....	17,910
(3) Camp readiness and rehabilitation.....	100,000
(b) Work training:	
(1) Program expense.....	146,156
(2) Program direction.....	3,844
(c) Work study:	
(1) Program expense.....	71,700
(2) Program direction.....	390
2. Community action programs:	
(a) Financial assistance for:	
(1) Program development.....	15,000
(2) Conduct of program.....	253,300
(b) Training demonstration and research.....	20,000
(c) Technical assistance.....	9,000
(d) Migrant agricultural employees program:	
(1) Loans.....	3,000
(2) Development and conduct of State programs.....	12,000
(e) Program direction.....	2,700
3. Rural areas program:	
(a) Farm family loans.....	22,500
(b) Loans to cooperatives.....	10,000
(c) Program direction.....	2,500
4. Work experience program:	
(a) Grants to States.....	149,360
(b) Program direction.....	640
5. Adult literacy program:	
(a) Grants to States.....	24,460
(b) Program direction.....	540
6. Volunteer program:	
(a) Program expense.....	3,175
(b) Program direction.....	1,325
7. General direction and administration.....	5,500
Total, program costs, funded—obligations <sup>1</sup> .....	947,500
<b>Financing:</b>	
New obligatory authority (appropriation).....	947,500
Transferred to "Economic opportunity fund" (Public Law 88-452, approved Aug. 20, 1964).....	35,500
Appropriation (adjusted).....	912,000

<sup>1</sup> Includes capital outlay of \$100,729,000.



## OFFICE OF ECONOMIC OPPORTUNITY

[In thousands of dollars]

<i>Object classification</i>	1965 estimate
11 Personnel compensation:	
Permanent positions.....	6,835
Positions other than permanent.....	800
Other personnel compensation.....	9,832
Total, personnel compensation.....	17,467
12 Personnel benefits.....	513
21 Travel and transportation of persons.....	1,805
22 Transportation of things.....	110
23 Rent, communications, and utilities.....	1,677
24 Printing and reproduction.....	646
25 Other services.....	46,380
Services of other agencies.....	600
26 Supplies and materials.....	654
31 Equipment.....	8,429
32 Lands and structures.....	16,000
41 Grants, subsidies, and contributions.....	298,129
Total, obligations.....	392,410
<i>Personnel summary</i>	
	1965 estimate
Total number of permanent positions.....	1,095
Full-time equivalent of other positions.....	161
Average number of all employees.....	690
Employees in permanent positions, end of year.....	1,095
Employees in other positions, end of year.....	120
Average GS grade.....	10.3
Average GS salary.....	\$9,602

## ALLOCATION ACCOUNTS

<i>Object classification</i>	1965 estimate
11 Personnel compensation:	
Permanent positions.....	17,024
Positions other than permanent.....	771
Other personnel compensation.....	6,059
Total, personnel compensation.....	23,854
12 Personnel benefits.....	1,427
21 Travel.....	5,164
22 Transportation of things.....	2,248
23 Rents, communications, and utilities.....	2,209
24 Printing and reproduction.....	551
25 Other services.....	160,920
Services of other agencies.....	109
26 Supplies and materials.....	25,763
31 Equipment.....	15,279
32 Lands and structures.....	32,778
41 Grants, subsidies, and contributions.....	249,288
Total, obligations.....	519,590

## ALLOCATION ACCOUNTS—continued

[In thousands of dollars]

<i>Personnel summary</i>	1965 estimate
Total number of permanent positions.....	3,418
Full-time equivalent of other positions.....	107
Average number of all employees.....	2,237
Employees in permanent positions, end of year.....	3,418
Employees in other positions, end of year.....	34
Average GS grade.....	8.8
Average GS salary.....	\$7,183

## JUSTIFICATION OF ESTIMATE FOR FISCAL YEAR 1965

In 1964, Americans can clearly see on the horizon a society of abundance, free of the misery and degradation which have been the age-old fate of man. Our production and productivity has never been greater; our people have never been so well educated; our children have never had so many opportunities open to them; and most Americans clearly live better than they did a decade ago, with more recreation opportunities, and more time to enjoy them.

But there are some Americans—too many—who have been left behind. They lack the skills to hold down the jobs which industry offers; they lack the education to participate in our society as productive citizens; their children inherit little but the handicap of poverty, and too often this inheritance shuts them off from opportunities open to most Americans; and their standard of living has improved little.

These are the people who are the focus of the war on poverty. There are 35 million of them, representing every State in the Union, every city and rural town, every color and creed. Poverty, and its byproducts of ignorance, disease, delinquency, dependency, irresponsibility, and—too often—indifference, costs us billions every year.

The goal of the war on poverty is to eliminate poverty—not just make it more endurable—by opening to every American the opportunity for education and training, the opportunity to work at a decent job, and the opportunity to live in decency and dignity. The programs described below are designed to open up these opportunities to more than 7 million Americans during the next year. They are focused programs, each designed with a specific objective aimed at eliminating a cause or causes of poverty. They are austere programs, formulated with minimum budget requests and Federal staffing, and without extensive overhead and layering. And these programs have been developed and will be carried out through existing agencies wherever practicable in order to economize further on funds and staff.

The total appropriation requested is \$947.5 million, all of which was included in the President's budget, submitted to the Congress in January 1964. A lesser effort would postpone opportunity for many, leaving them more deeply entrenched in poverty. But with this appropriation, new offensives in this ancient war would be opened which would strengthen our society, add to our economy, and unify our communities. In the United States in 1964, no expenditure could be more justified.

## ACTIVITY 1

Activity 1. Youth programs.....	\$412,500,000
(a) Job Corps.....	190,410,000
(b) Work-training.....	150,000,000
(c) Work-study.....	72,090,000

The objective of all three major types of youth programs is a common one. It is to provide the leadership, facilities and economic support needed by hundreds of thousands of young people to build an adequate base for productive and satisfying adult lives. There is a great variety of reasons why many young people in our society cannot achieve this base unaided. All cannot be remedied by a single program. Each major youth program is aimed at a different set of conditions.

(a) Job Corps-----	\$190,410,000
Program expense-----	72,500,000
Program direction-----	17,910,000
Camp readiness and rehabilitation-----	100,000,000

## INTRODUCTION

The voluntary Job Corps is designed to serve that group of young people who at this point in their lives are simply not equipped for the transition to adult responsibilities. They have been stunted by the effects of substandard community or family lives; by the termination of their education at a level which puts even semiskilled jobs beyond their reach; by substandard diets of food, recreation, and motivation. In many instances they are well along the path to antisocial behavior or attitudes.

The Job Corps program gives them the opportunity to leave the environment which has failed them. In Job Corps camps and training centers, they will be given a coordinated program of basic and vocational education; disciplined and constructive activity. Last, but of greatest importance, they may be led to see, many for the first time, the rewards and satisfactions of a life based on growth, ambition and social responsibility.

Program expense----- \$72,500,000

Program expense includes costs of enrollee recruiting, selection and placement, physical examinations, testing, counseling, and information. These costs provide for the examination and counseling of approximately 120,000 potential enrollees to select 40,000.

Another expense is that of paying and maintaining the individual enrollees. This cost includes subsistence, living allowances, readjustment allowances, and matching allotment benefits for those with families in dire need. Also included are costs of medical and dental services, morale, welfare and recreational activities, and facility maintenance.

The remaining costs within the program expense category are the educational and vocational training costs and the salaries of the conservation camp and training center staffs, including the VISTA volunteers who will serve as youth counselors in the Job Corps.

The staff of the conservation camps will be employed by the various Federal conservation agencies. These are the U.S. Forest Service in the Department of Agriculture and the five Bureaus dealing with conservation in the Department of Interior.

Program direction----- \$17,910,000

The second major budget category for the Job Corps is that of program direction. This includes costs of the Job Corps national headquarters, the Job Corps component of the OEO regional offices, the additional expenses incurred by the Federal conservation agencies managing the camp programs and other expenses involved in direction and management of the total Job Corps program. Other expenses include communications and travel, staff recruitment and training, consultants' fees, and program development and evaluation costs.

Camp readiness and equipment----- \$100,000,000

The final major category in the Job Corps budget is the initial investment costs of camp and center readiness and rehabilitation, and the provision of equipment to carry out the purposes of the program. The construction cost for conservation camps is estimated at \$2,800 per enrollee for the 20,000 conservation camp enrollees. The \$2,800 average cost contemplates maximum use of existing facilities and campsites.

The readiness and rehabilitation costs for training centers is estimated at \$800 per enrollee, based on Army experience of rehabilitating inactive military installations during the 1961 Berlin buildup of the Armed Forces.

The cost of work project equipment and vehicles has been estimated at an average of \$500 per enrollee, with most of this equipment in the conservation camps. Educational and vocational training equipment has been estimated at an average cost of \$200 per enrollee.



(b) Work training program-----	\$150,000,000
Program expense-----	146,156,000
Program direction-----	3,844,000

## INTRODUCTION

The work-training program will provide productive full- or part-time work experience and training to those youths aged 16 to 21 who are in need—in need because they are in danger of having to leave school for want of money for themselves or their immediate family—in need because they have completed school and cannot find a job—in need because their incomplete school experience and cultural difficulties suggest a carefully designed work experience fitted to rehabilitative services which as individuals they need in order to become employable. In addition to work experience and training, youths in the program will receive counseling and related services designed to improve their employability.

The keynote of the work-training program is local initiative and control. Any agency of a State or local government, including Indian tribal groups, or an approved private nonprofit organization may develop and conduct work-training projects. Such projects might place young people in work assignments in hospitals, settlement houses, schools, libraries, courts, children's homes, parks, playgrounds, public and private welfare agencies, etc.

The proposed program allows the Director of the Office of Economic Opportunity to delegate to the Secretary of Labor, who may in turn redelegate such authority to other officials of the Department of Labor, authority to enter into contracts under which the Federal Government will pay all or part of the cost of State or local program that meet established criteria. For the first 2 years of the program the Federal contribution will not exceed 90 percent of the cost of the program and thereafter it will not exceed 50 percent of such cost, unless the program director determines with objective criteria that assistance in excess of such percentages is required in the furtherance of the purposes of this part.

Program expense-----	\$146,156,000
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To accommodate various target groups of youths whose situations and needs vary, work-training projects will be set up under (1) an in-school youth program and (2) an out-of-school youth program.

*In-school youth program.*—The in-school program is designed for an estimated 80,000 in-school youth who need the financial help that the work-training project wages would provide to resume and/or maintain school attendance, and who need a work experience program in addition to the regular high school offering to hold them in school. The enrollees might work an average of 15 hours a week for an average estimated duration of 25 weeks.

Each enrollee may work 10 to 15 hours per week, depending on his school schedule. The work hours may be dispersed both during and after school, with the youth adjusting his work assignment to his high school schedule. The project will be open to any youth over 16 who:

Is identified by school personnel as a potential poverty dropout or may be unable to maintain school attendance because of poverty;

Has dropped out of school because of poverty and is returning to the school; or

Is still in junior high school and meets any of the above qualifications.

*Out-of-school youth program.*—The out-of-school program is designed for (1) out-of-school, poverty-stricken, unemployed youth who need assistance to resume and maintain school attendance the following school terms and (2) out-of-school, poverty-stricken, unemployed youth, not planning to return to school, who need entry work experience to increase their employability. Under this program an estimated 120,000 enrollees would work an average of 30 hours per week for an average duration of 20 weeks.

*Estimated costs for the work-training program*

	In-school program (average of 25 weeks for average of 15 hours per week)	Out-of-school program (average of 20 weeks for average of 30 hours per week)	Total
Number of enrollees.....	80,000	120,000	200,000
Enrollee wages.....	\$30,000,000	\$72,000,000	\$102,000,000
Selection and counseling.....	2,800,000	16,800,000	19,600,000
Supervision, work-training, and education.....	5,407,000	12,975,000	18,382,000
Other costs.....	1,600,000	4,574,000	6,174,000
Total costs.....	39,807,000	106,349,000	146,156,000

Program direction..... \$3,844,000

Upon delegation by the Director of the Office of Economic Opportunity, the Secretary of Labor will be responsible for implementation of the work training program. The program is to be administered through the Manpower Administration of the Department of Labor. Since no organization within the Manpower Administration can be readily adapted to administer the program, a new organization, to be called the Neighborhood Youth Corps, will be established at the bureau level within the Manpower Administration.

The Neighborhood Youth Corps is being established as a separate organization within the Manpower Administration because of its unique requirements for skills in the areas of job engineering and community organization, because of its focus upon the public and nonprofit sector of the economy and because coordination with other aspects of the economic opportunity program will be facilitated if a single Department of Labor organization administers the action portions.

During fiscal year 1965, the program is estimated to include 200,000 youth enrolled in from 2,000 to 4,000 local projects.

(c) Work-study program..... \$72,090,000  
 Program expense..... 71,700,000  
 Program direction..... 390,000

INTRODUCTION

The purpose of this program is to stimulate and promote the part-time employment of students enrolled in institutions of higher education who come from low-income families and are in need of financial assistance. Federal funds, to be matched on a 1 to 9 ratio, will be allocated among the States on the basis of relative numbers of full-time college students, high school graduates and children under 18 living in families with less than \$3,000 of annual income. From each State's allotment, grants will be made in response to requests from individual institutions based on criteria to be established by the Director. Each participating institution will execute an agreement with the Director which sets forth a plan for developing the work-study program under guides contained in the statute.

Program expense..... \$71,700,000

Any institution eligible to participate in the Higher Education Facilities Act of 1963 is eligible to enter the work-study program. An agreement between the institution and the Director will specify that the institution shall operate a part-time employment program either for the institution itself or for a public or nonprofit private organization via an arrangement between the institution and such organization. This latter category of jobs (called off-campus) will either be related to the student's educational objective, or be in the public interest. Students eligible for work-study assistance must (1) be from a low-income family, (2) be in need of the earnings from such employment in order

to pursue a course of study, (3) be in good academic standing, and (4) be enrolled or accepted for enrollment as a full-time student. The agreement will also limit the number of hours the student may work to 15 per week during any week in which classes are in session. Also, the institution must maintain its own student employment support at a level not less than the average of the 3 years preceding participation in the work-study program.

*Matching capability.*—For the 3 academic years ending in 1962, 1963, and 1964, the 1,400 institutions estimated to participate actually spent an average of approximately \$117,800,000 in each of these 3 years to operate their own student work programs. Preliminary estimates for 1964-65 indicate that planned expenditures for this same group will reach \$126 million. The difference between the 3-year average and the 1964-65 estimate, \$8.2 million, can be used to match Federal funds. It is presently estimated that \$56.7 million will be used by the participating institution for on-campus work programs. Off-campus matching support will be derived almost entirely from public agencies which utilize the part-time services of these students.

*Federal costs only*

[Dollars in millions]

Number of participating students	Academic year 1964-65			Academic year 1965-66, fall semester	Total
	Fall semester	Spring semester	Summer semester		
5,000	\$1	\$1.0	\$2.3	\$1.0	\$5.3
31,000	-----	6.3	13.9	6.3	26.5
41,000	-----	-----	18.4	8.3	26.7
65,000	-----	-----	-----	13.2	13.2
142,000	1	7.3	34.6	28.8	71.7

Program direction----- \$390,000

An amount of \$390,000 and 41 positions is requested to administer the work-study program. The staff will: (1) develop regulations, (2) prepare manuals and policy guides, (3) design fiscal and program forms, (4) prepare allotment tables and process reallocations, (5) provide advisory services to institutions wishing to enter into grant agreements, (6) review proposed agreements, (7) recommend for approval those agreements which meet the established criteria, (8) administer all fiscal and statistical functions relative to grant payments, and (9) evaluate program effectiveness and recommend policy and/or legislative changes for the improvement of its effectiveness. The requested staff will be located in the Office of Education.

ACTIVITY 2

Activity 2. Community action programs----- \$315,000,000

(a) Financial assistance-----	268,300,000
(b) Training, demonstration, and research-----	20,000,000
(c) Technical assistance-----	9,000,000
(d) Migrant agricultural employees-----	15,000,000
(e) Program direction-----	2,700,000

INTRODUCTION

The community action programs will provide technical and financial assistance for urban and rural communities to fight poverty. Individual communities will decide how to do the job with existing private and public resources that will be augmented by this new Federal assistance.

The problems of poverty are a network of social ills like illiteracy, unemployment, poor health, and dilapidated housing. To alleviate them will require a network of antipoverty attacks that are varied while they are coordinated. This combination—fashioned by local talent and leadership—is the major aim of the community action programs.



Specifically, remedial reading, literacy courses, job training, employment counseling, housing code improvement and enforcement, homemaker services, workshops, job development, and health services are only some of the individual programs that can be supported and coordinated with a detailed local anti-poverty program.

In the past, many of these separate programs have been scattered and uncoordinated. A remedial reading program, for example, has limited effect if there is no literacy course to permit the parent to guide and help his child. Both programs have limited effect if the parents have no marketable skills and live in squalor. A program that addresses all of these difficulties in a systematic fashion will truly help that child and his family to remove the shackles of poverty. And this is the intent of community action.

The Federal Government will help local communities to develop and support these comprehensive antipoverty programs. However, Federal assistance will depend on the community's determination to:

1. Mobilize its own public and private resources for this attack.
2. Develop programs of sufficient scope and size that give promise of eliminating a cause or causes of poverty.
3. Involve the poor themselves in developing, conducting, and evaluating the antipoverty programs.
4. Administer and coordinate the community action programs through public or private nonprofit agencies or a combination of these.

In smaller communities and in those with more limited resources, local officials will be encouraged to begin a community action program in stages. For example, a community might start with a preschool program coupled with a health service clinic for these youngsters. These would be followed by other specific programs all linked to each other in a mounting, comprehensive campaign.

All local programs will be encouraged to use the talents of persons living and affected by the poverty-stricken neighborhoods. They may be used as aids to professionals, as recreational and day care assistants and as helpers in homemaker and health services.

Further, community action programs will see that existing local, State, and Federal programs are linked to each other in a concentrated drive against poverty. Assistance now available to States and local communities under the Manpower Development and Training Act, the 1962 Public Welfare Amendments, vocational education, and the various programs under the Housing and Home Finance Agency, all must be joined with the total community antipoverty effort.

Community action programs, in short, will fuse the old, scattered programs while providing the technical and financial assistance to initiate the new, comprehensive attack against the varied difficulties that have ensnared the poor.

(a) Financial assistance-----	\$268, 300, 000
(1) Program development-----	15, 000, 000
(2) Conduct of programs-----	253, 300, 000

#### *Program development*

The war on poverty can only be won with the support of local communities developing their own plans to eliminate poverty.

Some 45 cities, for example, due to the urgency of their poverty problems have already organized programs for dealing with the problems. All they now need is the money to support these programs, to hire technical talent, to buy equipment, to rent space and for other necessities to get the programs launched. These cities are well on their way to waging their own poverty battles.

Other communities, however, due to lack of money, talent, or other pressing problems have done little or nothing to deal comprehensively with the poverty problems they face. They are aware of the problems—to be sure—but, knowing they didn't have the means for finding solutions to them, they have delayed attacking these multiple difficulties.

#### *Conduct and administration of community action programs*

Once a community has developed a program for dealing with, at least, some of its conditions of poverty, the major thrust of the community action program of the Economic Opportunity Act takes over.

This thrust takes the form of more than \$250 million in grants to cities to help them carry out and administer the community action programs they have devised. These grants may cover up to 90 percent of the cost of the programs.

The programs for which the financial assistance may be granted can take many forms. They will have a single purpose: To help, in one way or another, in the elimination of poverty. For example, they can aid the poverty stricken in employment, job training and counseling, health, vocational rehabilitation, housing, home management, welfare, and special education.

Grants will be made to both public agencies and private nonprofit agencies with emphasis on comprehensive and coordinated action programs. These grants—and the programs they will support—will be closely coordinated with other programs under the OEO and with other related Federal programs. It is estimated that programs will be approved in 267 communities during the fiscal year 1965.

How will the community action program of the OEO work? Here are some examples of the types of activities which communities might undertake:

1. Services and activities to develop new employment opportunities;
2. Providing special and remedial education,<sup>1</sup> with particular emphasis on reading, writing, and mathematics;
3. Providing comprehensive academic counseling and guidance services and school social work services;
4. Providing after-school study centers, after-school tutoring, and summer, weekend and after-school academic classes;
5. Establishing programs for the benefit of preschool children;
6. Reducing adult illiteracy;
7. Developing and carrying out special education or other programs for migrant or transient families;
8. Improving the living conditions of the elderly;
9. Arranging for or providing health examinations and health education for schoolchildren;
10. Rehabilitation and retraining of physically or mentally handicapped persons;
11. Providing health, rehabilitation, employment, educational and related services to young men not qualified for military services;
12. Providing community child-care centers and youth activity centers;
13. Improving housing and living facilities and home management skills;
14. Providing services to enable families from rural areas to meet problems of urban living; or
15. Providing recreation and physical fitness services and facilities.

(b) Training, demonstration, and research----- \$20,000,000

*Training.*—There is an extreme shortage of qualified personnel to operate both Federal and local programs of the Economic Opportunity Act. Much of the staff will have to be trained by individual communities with Federal guidance. This training will be for administrators as well as line personnel. Separate training programs for nonprofessionals, semiprofessionals, and professionals will be designed under this provision of the bill. Further, an intern system will be developed to provide a flow of administrative personnel for the large staff demands of the various rural and urban community action programs. It is planned to employ \$10 million for this purpose.

*Demonstrations.*—Demonstration programs will be used to test antipoverty proposals from private and public agencies. Some of these demonstration proposals should be developed as local community action programs are activated and new methods of fighting the causes of poverty are discovered. For example, new methods of instructing low income Americans in health, job, and education programs could be the aim of a demonstration project.

All demonstrations will have to show first that they can be expanded sufficiently—if they prove of value—to affect large groups of people. The development and review of demonstration proposals will be the responsibility of the section on program support, development, and evaluation. Six million dollars are proposed for this purpose.

<sup>1</sup>General aid to elementary or secondary education in any school or school system is prohibited by the legislation, and thus funds could not be provided for general reduction in class size, school construction, general teachers' salaries (as opposed to those of special remedial reading instructors), textbook acquisition, religious instruction, or the established curriculum.

*Research.*—Research projects would probe the hidden causes of poverty, isolate them and find better and cheaper ways to treat them as part of the community action program. Among the research projects might be one that would anticipate new jobs created as a result of changing local and regional labor market; a study to develop new uses for nonprofessionals by individual community action programs, and a study of how slum youngsters can be used best to help each other. It is proposed to use \$4 million for research.

(c) Technical assistance----- \$9,000,000

Technical assistance will be provided to communities needing help in developing, conducting and administering community action programs. This assistance may be made available either directly by the Office of Economic Opportunity under section 206 of the bill or through grants to State agencies under section 209(b). Maximum emphasis will be placed on the use of State agencies for this purpose.

The Director is authorized to make grants to, or contract with, appropriate State agencies for the payment of the expenses of such agencies in providing technical assistance to communities. The Director is also authorized to provide either directly or through grants or other arrangements technical assistance to communities in developing, conducting and administering community action programs.

(d) Migrant agricultural employees----- \$15,000,000

The Economic Opportunity Act authorizes up to \$15 million in the first fiscal year for loans, loan guarantees and grants to assist State and local jurisdictions, other public agencies or private nonprofit institutions in establishing and operating programs to meet the special needs of migratory agricultural workers and their families in the fields of housing, sanitation, education and day care of children. The migrant agricultural workers and their families are the most nearly forgotten segment of the poverty stricken, their average earnings are less than \$1,200 a year and the median years of school completed is 6.5.

In the first year, it is expected that major contracts will be let to expedite the activities of public and nonprofit agencies now conducting programs of assistance to improve health and living conditions of those who follow the crops.

Greatest attention will be given to the three major national streams of domestic migrants. They are:

1. Texas, Arizona, and the west coast;
2. Gulf of Mexico to the Northern Plains States;
3. Florida along the east coast.

(e) Program direction----- \$2,700,000

The programs of assistance for community action programs and migratory agricultural labor will be administered under the direction of the Assistant Director for Community Action Programs. Staffing is estimated to total 225 employees at the end of the fiscal year, of which an estimated 160 will be stationed in field offices. There will be six regional offices following a single pattern for the entire Office of Economic Opportunity. In addition to these six field offices, a separate unit will assume basic responsibility for migrant, Indian, and other specialized programs.

Activity 3. Rural area program----- \$35,000,000

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|--------------------------------|------------|
| (a) Farm family loans-----     | 22,500,000 |
| (b) Loans to cooperatives----- | 10,000,000 |
| (c) Program direction-----     | 2,500,000  |

INTRODUCTION

Nearly half the poor in the United States are in the rural areas. The proportion of families living in poverty is nearly twice as great in the country as in the city. One in every three rural families has a cash income under \$3,000 a year. The economic opportunity program contemplates an offensive on rural poverty on two fronts. Both will be delegated to the Farmers Home Administration.

(a) Farm family loans----- \$22,500,000



The Economic Opportunity Act authorizes loans to low income farm families for one or more of the following purposes: To acquire or improve real estate or reduce encumbrances thereon; operate or improve the operation of family size farms; purchase shares in cooperatives; and finance nonagricultural enterprises that will supplement farm income. The maximum loan is \$2,500. The amount requested will enable the Director to assist approximately 10,000 farm families with loans.

Also authorized are loans not to exceed a total of \$2,500 to low-income farm families to finance nonagricultural enterprises that will supplement their income from farming. Such enterprises might include felling timber with a chainsaw on a custom basis; repairing machinery; selling farm-produced items at roadside markets; producing handicrafts for sale; and many similar small income-producing activities. The amount requested will enable approximately 3,000 borrowers to obtain loans for nonagricultural enterprises. It is estimated that \$4,200,000 will be required for this purpose.

(b) Loans to cooperatives----- \$10,000,000

Section 303 authorizes loans to help establish new cooperatives and to finance existing cooperatives furnishing essential processing, purchasing or marketing services, supplies or facilities predominantly to low-income rural families. An estimated 500 newly formed and existing cooperatives can be assisted with the amount requested. Estimated loans will require \$10 million.

(c) Program direction----- \$2,500,000

The amount requested for administration of part A of title III will provide a total of 310 new positions in the Farmers Home Administration, the agency that will administer the title under general direction of the Office of Economic Opportunity. Of these positions, 300 will be in county and State offices of the agency and 10 in the headquarters office.

#### ACTIVITY 4

Activity 4. Work experience program----- \$150,000,000

(a) Grants to States----- 149,360,000

(b) Program direction----- 640,000

#### INTRODUCTION

The Economic Opportunity Act of 1964 authorizes the Director of the Office of Economic Opportunity to allocate funds to the Secretary of Health, Education, and Welfare to make payments for experimental, pilot, or demonstration projects of limited duration under section 1115 of the Social Security Act (42 U.S.C. 1315). The projects will provide that, following the initial demonstration period, States and communities will contribute their cost share of these programs according to criteria established under appropriate provisions of the Social Security Act. The objective is "to stimulate the adoption of programs to help unemployed fathers and other needy persons to secure and retain employment or to attain or retain capability for self-support or personal independence."

Grants to States----- \$149,360,000

Three groups have been identified for participation in the demonstration grants (sec. 1115 of the Social Security Act) for expanding opportunities for constructive work experience and other needed training. Each of the three groups is described below.

*Group 1: Extension of work and training programs to more families now receiving AFDC because of unemployment.*—The first group comprises an estimated 39,000 unemployed fathers and other needy persons whose families are now receiving assistance under the program of aid to families with dependent children whose parents are unemployed. Currently about 18,000 of the 73,000 unemployed fathers and other needy persons under this program are employed on community work and training projects, leaving 55,000 who are not so employed. It is estimated that of these 55,000 who are not so employed, about 16,000 would not be available for project employment because their homes are too scattered to permit effective project administration. The remaining 39,000 would be

assigned to projects and with the 18,000 now employed, would comprise about three-fourths of the total unemployed fathers and other needy persons in the unemployed segment of the program of aid to families with dependent children.

*Group II: Extension of AFDC (because of unemployment) and work and training programs to more families and for the provision of assistance and work experience to other needy persons.*—The second group comprises 142,600 unemployed fathers and other needy persons that are not receiving categorical assistance, including aid to families with dependent children. Under a more liberal definition of unemployed than that now used by most States, it is estimated that an additional 200,000 families would be potentially eligible for assistance under the AFDC program and 100,000 other needy persons would also be potentially eligible for assistance and work experience. It is estimated that a monthly average of about 86,150 unemployed fathers and other needy persons would receive assistance and work experience. This number represents a smaller proportion of the total potentially eligible than that assumed for group I. There are two reasons for this smaller proportion. The first is that most of these families live in States that do not have the heavy concentrations of population that exist in the States from which the families in group I are drawn; hence a smaller proportion will be accessible to projects. The second reason is that, unlike the families in group I, these families are not now known to the public assistance agency but must be identified in each community for project employment.

*Group III. Provision of work experience and other needed training.*—The third group that will participate in the expanded program is a group of women selected from the female heads of families that are receiving aid to families with dependent children because the father is dead, absent, or incapacitated. It is estimated that about 100,000 of these women are seeking employment but are not qualified for the jobs available in their communities. Of these, some cannot be candidates for project employment because they are so dispersed geographically as to make project participation impracticable. The number for whom immediate project employment is considered feasible is estimated at about 58,500.

Program direction----- \$640, 000

The welfare administration of the Department of Health, Education, and Welfare, the operating agency now responsible for administering grants to States for public assistance, will be assigned responsibility for administering this program.

This program of expanded opportunities for work and training for those "who are unable to support or care for themselves or their families," to be successful, will require the coordinated effort of the public welfare agency, the school system, and other community agencies. The welfare agency will need to be the control focus of this effort. Thus, the welfare agency will be in essentially a new relationship with other programs. This will require considerable consultation on the part of the Department of Health, Education, and Welfare with State and local welfare agencies to enable them to do the required planning and to help devise and implement the kinds of projects which will be most effective.

ACTIVITY 5

Activity 5. Adult literacy program-----	\$25, 000, 000
(a) Grants to States-----	24, 460, 000
(b) Program direction-----	540, 000

INTRODUCTION

Throughout the United States there are approximately 11 million adult illiterates above the age of 22 who contribute very little to the productive economy. There are more than 20 million adults with less than an eighth grade education, and more than 60 million with less than a high school education. The lack of basic education among these millions of citizens indicates an appalling economic and cultural loss to the individuals and the Nation.

Part B, title II of the Economic Opportunity Act of 1964 provides for the initiation of "programs of instruction for adults whose inability to read and write the English language constitutes a substantial impairment of their ability."

The training received under this program will increase their opportunities for more productive and profitable employment and make them better able to meet their adult responsibilities.

Grants to States----- \$24,460,000

To carry out the provisions of this program, grants will be made to States to—

(1) assist in the establishment of pilot projects by local educational agencies to (a) demonstrate, test, or develop modifications of special materials or methods for instruction, (b) stimulate the development of local educational agency programs, and (c) acquire additional information concerning the materials or methods needed for an effective program for raising adult basic educational skills;

(2) assist in meeting the cost of local educational agency programs for instruction of such adults; and

(3) assist in development or improvement of technical or supervisory services by the State educational agency relating to adult basic education programs.

Grants will be made on the basis of the relative number of adults in each State who have completed not more than five grades of school or have not achieved an equivalent level of education, as determined on the basis of the best and most recent information available, including any relevant data furnished by the Department of Commerce. The minimum amount allotted to each State shall be \$50,000. Two percent of the sums allocated for grants to States shall be reserved for allotment among Puerto Rico, Guam, American Samoa, and the Virgin Islands. Amounts not used by some States can be reallocated to other States. State allotments remain available for obligation by the States through June 30, 1966. The Federal share is 90 percent of the cost of the adult basic educational program for fiscal year 1966.

Program direction----- \$540,000

Additional staff of 25 positions is necessary in the Office of Education to establish the administrative framework for the State grant program, to encourage the States to develop programs to speed up the elimination of adult undereducation; to provide leadership to the States in the development of their State plans. Staff will be utilized to coordinate the research results; to negotiate with colleges and universities to undertake basic research that will have nationwide application, and for the development of curriculum materials for use by the States; and for educational materials development.

#### ACTIVITY 6

Activity 6. Volunteer program----- \$4,500,000

(a) Program expense----- 3,117,500

(b) Program direction----- 1,382,500

#### INTRODUCTION

Volunteers in service to America will offer the opportunity on the domestic scene to do what has been done so successfully on the international scene by the Peace Corps—tap the spirit of service which many people have and which could therefore make such a significant contribution to the war on poverty. Volunteers will participate in programs administered and supported by the Economic Opportunity Act, in existing Federal programs related to poverty problems, and in State and local activities. A volunteer may teach in a Job Corps training center, may serve as a counselor to Job Corps enrollees in a conservation camp, may work on an Indian reservation or in a mental hospital, or may participate in a community action program. Upon request of a State or municipality, volunteers may be assigned to projects which are supported entirely by local resources. The aim of the VISTA program will be to bring together a well-qualified volunteer willing to serve and an opportunity for service.

Program expense----- \$3,117,500

During fiscal year 1965, it is planned to recruit, select, and train approximately 5,000 volunteers. The majority of these volunteers will enter training in the spring of 1965. The normal period of service will be 1 year, including about 6 weeks of preassignment training. To be eligible, applicants must be at least



18 years of age. Married couples are eligible if both the husband and wife qualify for service. The required levels of education and experience will vary depending on the specific job to be done; however, in every case, a high degree of motivation and stability will be required. Initial selection will be based on an extensive questionnaire, letters of reference, and personal interviews. Final selection will be based on the performance and evaluation of the applicant during the training program.

*Volunteer training.*—The short but intensive training programs will be conducted through contracts with colleges, universities, and private organizations. Although the content of the training program will vary with the nature and location of the volunteer assignment, it will normally include the causes and results of poverty in the United States, regional and technical studies related to the job assignment, supervised fieldwork, physical fitness, health orientation, and the meaning of the volunteer role.

*Payments to volunteers.*—Volunteers will receive a monthly living allowance. No salary will be provided. The volunteers will be entitled to housing, subsistence, work-related transportation, medical care, and special work clothing required during the period of service. The monthly living allowance will vary depending on the location of the project and the extent to which these items may be provided by the organization to which the volunteer is assigned. If housing, subsistence, and transportation are not furnished, a living allowance estimated to average \$5 per day will be paid to volunteers working on Federal projects. In addition, each volunteer will receive \$1.50 per day for personal expenses.

In addition to the living allowance, volunteers will receive a readjustment allowance of \$50 for each month of satisfactory service, including the training period. Upon completion of service, the total amount of the readjustment allowance will be presented to the volunteer.

Program direction----- \$1,382,500

It is estimated that it will require 123 positions to administer the VISTA program. These employees will be concerned with the recruitment, selection, training, placement, and support of the volunteers. In addition, a small staff will work with urban and rural communities in developing volunteer assignments which contribute to the fight against poverty.

#### ACTIVITY 7

Activity 7. General direction and administration----- \$5,500,000

The Office of Economic Opportunity will not only manage the particular programs of the new agency, but will have a basic responsibility for coordinating existing and expanded programs of other agencies into one, well-organized attack on the source of poverty. Small staff units will be charged with the responsibility of reviewing and coordinating the work of those agencies that are carrying out the programs that have been delegated to various agencies. There will be a small staff responsible for liaison with the many public and private institutions that will be concerned with various aspects of the war on poverty, both as conducted by the Office of Economic Opportunity and as may be carried on by participating institutions or political jurisdictions.

Both in the Washington headquarters and in the six regional offices proposed, administrative and management services will be provided from a single group for all of the programs of the agency. These centralized services will include all personnel services for employees but not the similar functions required for VISTA volunteers or Job Corps enrollees. Fiscal services will be provided centrally for everything except payrolling of the Job Corps enrollees. Contracting will be done by the central staff, public information will be under direction of a central staff but there will be some individuals assigned to those programs requiring a great deal of public contact. Legal services will be provided by an Office of General Counsel. Control will be maintained centrally on funds used for procurement, travel, printing, and similar items.

The Office of Economic Opportunity, through the contract medium, will engage the best talent available to conduct research into the causes of poverty, the best and most economical means of attacking the causes and the results achieved by the methods of attack employed.

## EMPLOYMENT AND INVESTMENT INCENTIVE LOANS

This section is included for information only. This program will be operated with the capital of the Small Business Administration revolving fund. Consequently, no appropriation is being requested for this purpose within the economic opportunity program.

Pursuant to the authority contained in title IV of the Economic Opportunity Act, the Administration, under delegation from the Director, Office of Economic Opportunity, will administer a program of financial assistance to very small business concerns and to qualified persons seeking to establish such concerns.

Loans are authorized in an amount not to exceed \$25,000 for a maximum term of 15 years to assist in the establishment, preservation, and strengthening of small business concerns. Provision is made for management training courses as an integral part of the loan program. The businesses to which these loans are directed are mostly retailers and service enterprises, employing for the most part three or fewer persons—luncheonettes, filling stations, drugstores, barbershops, delicatessens, beauty parlors, shoe repair establishments, furniture movers, cleaners and tailors, and the like.

The credit and collateral requirements contemplated by title IV are more flexible and relaxed than those applicable to loans made under the provisions of the Small Business Act. While a lien will normally be taken on property acquired with the proceeds of a loan, the decision as to the worth of a loan will depend largely on the applicant's management ability, his earnings and credit record, the response he has shown in the past to financial obligations, and his prospects for success.

In this first year of operation, applications will be accepted only from "poor" applicants or those on the verge of poverty, and only in areas with approved community action programs.

During the last 10 months of fiscal year 1965, it is estimated that loans amounting to \$6,500,000 will be approved. This is based on an estimated monthly average of approximately 144 loans being approved at an average size of \$5,000 each (SBA share).

**A SUMMARY OF THE ECONOMIC OPPORTUNITY ACT OF 1964 AS PASSED BY THE SENATE OF THE UNITED STATES**

FISCAL 1965 AUTHORIZATION, \$947.5 MILLION

The Economic Opportunity Act of 1964 would establish an Office of Economic Opportunity in the Executive Office of the President. The OEO would be headed by a Director who would have a planning and coordinating staff responsible for coordinating the poverty-related programs of all Government agencies. Within the OEO, separate staffs would operate a Job Corps, a program for Volunteers in Service to America (VISTA), a community action program, and special programs for migrant workers. In addition, the OEO would distribute funds to existing agencies to operate other programs authorized under the bill: work-training programs would be administered through the Labor Department; work-study programs and adult basic education through HEW; special rural anti-poverty programs through Agriculture; small business loans through the Small Business Administration; and community work and training projects for welfare recipients through HEW.

Following is a summary of the programs proposed under the Economic Opportunity Act of 1964:

*Title I—Youth programs, \$412.5 million*

Part A: Establishes a Job Corps to provide education, work experience, and vocational training in conservation camps and residential training centers; would enroll 40,000 young men and women, aged 16–21, this year, 100,000 next year. Administered by Office of Economic Opportunity. Total cost, \$190 million.

Part B: Establishes a work-training program under which the Director of OEO would enter into agreements with State and local governments or nonprofit organizations to pay part of the cost of full- or part-time employment to enable 200,000 young men and women, 16–21, to continue or resume their education or to increase their employability. Administered by Labor Department. Total cost, \$150 million.

Part C: Establishes a work-study program under which the Director of OEO would enter into agreements with institutions of higher learning to pay part of the costs of part-time employment to permit 140,000 students from low-income families to enter upon or continue higher education. Administered by Department of Health, Education, and Welfare. Total cost, \$72.5 million.

*Title II—Community action programs, \$340 million*

Part A: Authorizes the Director of OEO to pay up to 90 percent of the costs of antipoverty programs planned and carried out at the community level. Programs will be administered by the communities and will coordinate poverty-related programs of various Federal agencies. Total cost, \$315 million.

Part B: Authorizes the Director to make grants to States to provide basic education and literacy training to adults. Administered by the Department of Health, Education, and Welfare. Total cost, \$25 million.

Part C: Authorizes the Director to establish and operate a clearinghouse to facilitate arrangements between foster parents willing to provide financial support for needy children under the guidance of a local agency. Only administrative funds required.

*Title III—Programs to combat poverty in rural areas, \$35 million*

Part A: Authorizes loans up to \$1,500 to very low income rural families for farm operations, loans up to \$2,500 to finance nonagricultural, income-producing enterprises, and loans to low-income family cooperatives. Administered by Department of Agriculture.

Part B: Authorizes assistance to establish and operate housing, sanitation, education, and child day-care programs for migrant farmworkers and their families. Total cost, not more than \$15 million, financed from other titles.

Part D: Authorizes the Secretary of Agriculture to indemnify farmers whose milk has been polluted by pesticides recommended by USDA. No specific funds authorized.

*Title IV—Employment and investment incentives*

Authorizes loans and guarantees to small businesses of up to \$15,000 on more liberal terms than the regular loan provisions of the Small Business Administration. Administered by the Small Business Administration. Would use \$25 million of SBA's regular spending authority.

*Title V—Work-experience programs, \$150 million*

Authorizes the Director of OEO to transfer funds to HEW to pay costs of experimental, pilot, or demonstration projects designed to stimulate the adoption in the States of programs of providing constructive work experience or training for unemployed fathers and needy persons.

*Title VI—Administration and coordination, \$10 million*

Establishes the Office of Economic Opportunity and specifies its functions. Authorizes the Director of OEO to recruit and train an estimated 5,000 VISTA volunteers to serve in specified mental health, migrant, Indian, and other Federal programs including the Job Corps, as well as in State and community anti-poverty programs.

*Title VII—Treatment of unemployment compensation*

A policy declaration that an individual's opportunity to participate in certain programs under this act shall neither jeopardize, nor be jeopardized by, his receipt of unemployment compensation or public assistance.

STATEMENT OF R. SARGENT SHRIVER

Chairman HAYDEN. You may proceed, sir.

Mr. SHRIVER. Thank you, Mr. Chairman.

First of all, let me express my apologies for being late for the start of this hearing. As the chairman knows, an oversea phone call came through which I had to take. The chairman was gracious enough to



let me postpone this hearing for 5 or 10 minutes. I appreciate it, Mr. Chairman.

We are happy to be here, I and some of my colleagues who have been working on the task force to prepare the program against poverty, and the people from the various departments and agencies who will be concerned with the testimony are here behind me and with me.

#### PREPARATION OF ESTIMATE

I would like to emphasize three points. First of all, the efforts that went into the preparation of this request for funds. The President brought to Washington experts from business, from the world of economics, from the universities, as well as people who have been identified with the work in the National Government. Many months of effort went into the preparation of legislation and into the preparation of the appropriations request and all of it was done on a completely nonpartisan basis by the best people we could find.

#### FULL AMOUNT OF REQUEST NEEDED

Second, and I would like to emphasize that, we believe that the program needs the full amount of money which we have requested. We need the full amount first of all because we have prepared a budget which is a tight budget, second because of the magnitude of the problem we believe we have to start in an impressive way, not just in a tiny way, to combat the conditions which exist in various parts of the country.

Third, we think that by starting it in an impressive manner and in a comprehensive way we can assemble enough evidence and facts so that in future years Congress will have much better information on which to base its decisions, its decisions with respect to improvements in the program.

#### OVERHEAD COST

Finally, I would like to emphasize that this program has an extremely low overhead cost so far as management and administration is concerned. The total overhead, including all the management costs of all the departments of the Government involved in this program, is only 3.85 percent of the total request that we are presenting to your committee this morning.

With respect to the actual cost of overhead and management of the Office of Economic Opportunity, itself, that cost is a mere six-tenths of 1 percent of the total operating budget. I wish that I could say that we had equally low figures with respect to the administration and management of the Peace Corps. We don't. These figures are extremely low. In fact, they are so low that many people in the executive branch feel that we will be operating on a dangerously narrow margin. We have very few people. We intend to employ very few people to carry out these programs. We are looking primarily to a substantial response from local communities around the country, from State and local governments to help us in implementing the program. Those

are the three points I wish to make in my opening statement, Mr. Chairman.

Permit me once again to thank you for letting me delay the start of the proceedings.

## REQUEST FOR FULL AUTHORIZATION

Senator ELLENDER. Mr. Shriver, you are asking for the full authorized amount, aren't you?

Mr. SHRIVER. Yes, Senator, we are.

Senator ELLENDER. That is \$947½ million?

Mr. SHRIVER. Yes, sir.

Senator ELLENDER. The fact that you are late in starting—this was intended for the whole year and almost 2 months will have gone by this fiscal year?

## PLANNED START SEPTEMBER 1

Mr. SHRIVER. We planned right from the beginning, Senator, on an operation which would start September 1, not July 1. We realized when we introduced the authorization legislation in March that it was most unlikely that we would be able to complete the authorization and appropriation process by the 1st of July. As a matter of fact, we never thought we could. So, from the beginning of our planning we have planned a budget on the basis of our operations starting on the 1st of September. So, although 2 months have elapsed out of the fiscal year, it does not have any impact on our appropriation request.

## YOUTH CAMPS AND GUIDANCE CENTERS

Senator ELLENDER. I notice you have youth camps and guidance centers at \$190 million the first year. Do you know how that compares with the program we had in the depression?

Mr. SHRIVER. You mean in terms of cost?

Senator ELLENDER. Moneywise.

Mr. SHRIVER. In terms of cost—

Senator ELLENDER. I mean the amount of money spent.

Mr. SHRIVER. I don't have that figure, but my impression would be that it would be much less. It is substantially less than what was spent.

Senator ELLENDER. Yes, I understand that.

Mr. SHRIVER. I can get that figure for you, Senator. I don't have it.

Senator ELLENDER. I thought that you might have patterned this program on the depression-days program.

Mr. SHRIVER. The man who was in charge of developing the Job Corps part of our program, Dr. Alden, the president of the University of Ohio, did make an exhaustive study of the experience under the CCC. I just don't happen to have the figure on how much was spent on the CCC, but we have studied that. I think it was a successful program, and we have learned a great deal from it. I should emphasize, Senator Ellender, however, that this is not exactly like the CCC program.

For one thing, we have introduced into this program a greater amount of basic education—reading, writing, and arithmetic, for example—than was true under the CCC program. That is because under the CCC program most of the people who joined it were people who had had a reasonably good education. Most of them were at the high school level or even higher. Whereas in our program we are having to reach down to a much less well-educated section of the national society.

#### REGULATIONS FOR RECRUITING YOUTH

Senator ELLENDER. Have you established rules and regulations under which you hope to obtain these people?

Mr. SHRIVER. Yes, sir. We are in the process of actually writing the rules and regulations now. But the procedures and the processes by which we will get them, yes, those are well established. As soon as the bill is passed, we should be able within a very minimum amount of time to promulgate specific regulations. So far as recruitment of people to join the Job Corps, so far as the selection of them and so on, we are well along in planning.

#### NUMBER IN JOB CORPS

Chairman HAYDEN. Might I interrupt, Senator, to ask how many men or women will be employed in this program?

Mr. SHRIVER. In the Job Corps we hope to enlist in the first year, Mr. Chairman, 40,000 men and women from age 16 up to 22. Half of that 40,000 will be placed in conservation work similar to the work done by the CCC. The other half will be placed in what we call educational centers which will have a larger component of education.

#### LIMITATION ON WORK AREAS

Chairman HAYDEN. There was a limitation in the Civilian Conservation Corps that the labor had to be performed on Government property such as national forests or parks. Is there such a limitation here?

Mr. SHRIVER. Yes; the conservation work proposed to be done under this bill would only be done on public lands or on Federal or State lands. We do not propose to do any improvement work on private land.

Senator ELLENDER. That is along the same lines as you had during the depression?

Mr. SHRIVER. That is correct.

Senator YOUNG. Would you yield at that point?

Were you speaking of Federal employees or the number of recipients?

#### FEDERAL EMPLOYEES IN JOB CORPS

Mr. SHRIVER. These are the number of enrollees, we call them right now. You might call them Job Corps men. They are enrolled in the Job Corps and not Federal employees. The Job Corps is subsection A of title I. Title I has three subsections. A is called the Job Corps. We hope to enlist 40,000 volunteers in that part.



Senator YOUNG. How many Federal employees will be involved?

Mr. KELLY. There will be 2,725 employees of other agencies, the Department of Agriculture, and the Department of the Interior, working on the Job Corps.

Senator YOUNG. These are new employees?

Mr. KELLY. Yes.

Mr. SHRIVER. These are personnel who will be working in the Department of Agriculture in the camps run by them, in the Department of Interior in the camps run by them, and in other parts of the program which will involve the management and operation of the Job Corps itself.

In the Job Corps we will have 405 personnel in the headquarters and in the field for operation and management of the overall Job Corps program.

Senator YOUNG. Will you give us the number of additional Federal employees for each section of the program?

Mr. KELLY. We have a chart which will show that.

Senator YOUNG. May I look at it?

Mr. KELLY. Yes, sir.

Senator YOUNG. I think that probably should go in the record.

Chairman HAYDEN. This may be placed in the record at this point.  
(The chart referred to follows:)

## DISTRIBUTION OF FUNDS AND PERSONNEL BY AGENCY AND ACTIVITY

	Job Corps (1-a)	Work training (1-b)	Work-study program (1-c)	Communi- ty action (2)	Rural areas program (3)	Work experience (4)	Adult literacy (5)	VISTA (6)	General direction and admin- istration (7)	Totals
Office of Economic Opportunity:										
Dollars (millions).....	70.4			315.0				4.5	5.5	395.4
Number permanent positions.....	405			225				123	342	1,095
Other employees, man-years.....	109			25				18	9	161
Agriculture:										
Dollars (millions).....	60.0				35.0					95.0
Number permanent positions.....	1,350				310					1,660
Other employees, man-years.....										
Interior:										
Dollars (millions).....	60.0									60.0
Number permanent positions.....	1,373									1,375
Other employees, man-years.....	100									100
HEW:										
Dollars (millions).....			72.1			150.0	25.0			247.1
Number permanent positions.....			41			72	25			138
Other employees, man-years.....						1	1			2
Labor:										
Dollars (millions).....		150.0								150.0
Number permanent positions.....		250								250
Other employees, man-years.....		5								5
Total:										
Dollars (millions).....	190.4	150.0	72.1	315.0	35.0	150.0	25.0	4.5	5.5	947.5
Number permanent positions.....	3,130	250	41	225	310	72	25	123	342	4,518
Other employees, man-years.....	209	5		25		1	1	18	9	268

## DIFFERENT OPERATIONS OF JOB CORPS

Senator ELLENDER. Let us take the youth camps. Then you have guidance centers.

Mr. SHRIVER. Yes, sir.

Senator ELLENDER. Those are different operations?

Mr. SHRIVER. Those are two parts of what we call the Job Corps. The reason why they are two different parts is this: We think that there are some people who can profit from the experience of working in the conservation camp, but there are others whose education is far enough advanced so that they could profit from more vocational training and more educational work, which it would be possible to give them in a single location which we call an educational center. The idea of the educational centers, Senator Ellender, is that we, for example, might contract with the Vanderbilt University, or Duke, or University of Chicago or University of California to train 500 or 1,000 or 1,500 applicants for the Job Corps. They would be housed in a former Defense Department installation which might be reactivated to take care of them from the point of view of housing.

Senator ELLENDER. Suppose you don't have that facility there; what then?

## CONTRACTS FOR FACILITIES

Mr. SHRIVER. We have found out already that there are a number of such facilities which we could utilize for these centers. We would hope to have somewhere between 30 and 40 of these centers, some for men, others for women, none of them coeducational, in operation by the end of the first year. One reason why we can do this with a certain amount of speed is the fact that we can contract with institutions like the University of California, or with a school board; for example, the City of Detroit School Board, to operate one of these centers for us. They would have the problem of recruiting the faculty, establishing the curriculum, utilizing their own psychologists, sociologists, school of education personnel, physical education people, athletic coaches, and so on, in carrying out the program so that we do not have the business of putting them on the Federal payroll.

Senator ELLENDER. The guidance centers will be under contract?

Mr. SHRIVER. That is our intention, yes. It would be just as if you had—

## SEPARATE HANDLING OF YOUTH CORPS

Senator ELLENDER. So that the Youth Corps will be separate from the guidance centers? The Youth Corps will be handled more, I presume, as we handled the CCC during the war or after the war?

Mr. SHRIVER. That is right.

Senator ELLENDER. Now in these guidance centers will you employ teachers? Will the university employ teachers to carry this out, whose salaries we will pay?

Mr. SHRIVER. Yes.

## PERSONNEL IN JOB CORPS

Senator ELLENDER. Now you say on the Job Corps program you will employ 3,130 permanent employees?

Mr. SHRIVER. That is right.



Senator ELLENDER. Does that include the teachers who are going to be employed to carry on the guidance centers of this program?

Mr. SHRIVER. No.

Senator ELLENDER. Why so many employees, 3,130, to take care of 20,000 boys and girls who are going to work in the forests? How did you determine the number needed?

#### METHOD OF STAFFING JOB CORPS

Mr. SHRIVER. Well, it has been worked out on a chart which we will be happy to submit for the record. Do you have the chart, Mr. Carley?

Mr. CARLEY. Yes, sir. That is on the basis of a 14-man staff per 100-man camp and a 20-man staff for a 200-man camp. That includes the cooks, work supervisors, clerks, everybody that is included in the camp.

Mr. SHRIVER. Here is a chart.

(The material referred to follows:)

#### JOB CORPS CONSERVATION CAMPS

##### *Proposed staffing plan*

Position	Number in 100-man camp	Number in 200-man camp
Director.....	1	1
Deputy for Education.....	1	1
Deputy for Work.....	1	1
Deputy for Counseling.....	1	1
Deputy for Administration.....	1	1
Teachers.....	2	3
Work supervisors.....	3	6
Medical aid.....	1	1
Clerks.....	1	2
Cooks.....	2	3
Subtotal.....	14	20
100 camps.....	1,400	
50 camps.....		1,000
Subtotal.....	2,400	
Agriculture administration.....	150	
Interior administration.....	175	
Total.....	2,725	

#### NUMBER IN GUIDANCE CENTERS

Senator ELLENDER. How many will you employ, actual employees, other than contractors for the guidance centers? As I understand the centers, guidance centers, will be contracted for with the universities and schools?

Mr. SHRIVER. Yes, sir; there will be approximately a comparable number to the number that are in the conservation camps.

Senator ELLENDER. That is 20,000?

Mr. SHRIVER. Yes, sir, also the staff would be that which is required by the university and other contracting institutions to carry out the work.

Senator ELLENDER. Certainly you need more employees in the youth camps than you would to operate the guidance centers, would you not?

Mr. SHRIVER. I am not sure that there will be a great deal of difference between the number of teachers and vocational training experts that will be required in a training center.

Senator ELLENDER. I thought you would contract for that.

Mr. SHRIVER. Yes, sir, but I mean the number they would have—

Senator ELLENDER. But you are not paying for that yourself except through a contract?

Mr. SHRIVER. Yes, sir; that is correct.

#### NONTEACHING GUIDANCE CORPS EMPLOYEES

Senator ELLENDER. The question is: How many employees will you have to operate the guidance centers other than the teachers who will be employed under the contract you make with the schools?

Mr. SHRIVER. We won't have any, sir, except those shown in our management expense.

Senator ELLENDER. These 400-and-some-odd will be here at the Washington level?

Mr. SHRIVER. Washington and a few at the regional level.

Senator ELLENDER. When you say the number of permanent positions is 3,130, does that apply solely to the youth camps?

Mr. SHRIVER. The camps and the necessary administration and management for the Job Corps program including the contracts for operation of the educational centers.

Senator ELLENDER. That is in the 405 you speak of?

Mr. SHRIVER. Yes, sir, and that 405 is included in the total of 3,130.

#### PERSONNEL IN YOUTH CAMP

Senator ELLENDER. How many people could we deduct from 3,130 that would be employed exclusively to handle the youth camps?

Mr. SHRIVER. All of the figures shown for Agriculture and Interior Departments, which amount to 1,350 for Agriculture and 1,375 for Interior and 100 additional equivalent contractual personnel and consultant personnel. All of those are involved in the conservation camp program for the 20,000 men who will be in these camps.

Senator ELLENDER. These will be under the supervision of Agriculture and Interior, respectively?

Mr. SHRIVER. Yes, sir, they will be on the payroll of the Forest Service, Park Service, and the other conservation agencies in the Interior Department.

#### CONSTRUCTION AND REHABILITATION OF CAMPS

Senator ELLENDER. Now have you any provision made for the construction of camps at any particular center or will you use existing camps?

Mr. SHRIVER. We do have a provision for the rehabilitation of camps even where we use the existing ones. It is going to cost money.

Senator ELLENDER. How much have you set aside for that purpose?

Mr. SHRIVER. \$100 million.

Mr. CARLEY. \$56 million of that \$100 million is for camp construction of the conservation camps.

Mr. SHRIVER. That is what he asked.

## UTILIZATION OF EXISTING FACILITIES

Senator ELLENDER. That is what I am asking. I understood, Mr. Shriver, that, from conversation I had with you and others, that you would utilize existing facilities.

Mr. SHRIVER. That is correct. But the Defense Department has been working with us on what it would cost to get those facilities ready; even though they exist, they have to be reactivated and perhaps refurbished and rehabilitated. It is that figure that we are giving to you. Mr. Carley here is from the Defense Department. We have worked with them in determining what it would cost to ready the installations which they have available. We have used their experience in activating camps for the Berlin buildup.

## TOTAL COST FOR READYING CAMPS

Senator ELLENDER. You say it will cost a hundred million dollars.

Mr. CARLEY. That is the total cost, Senator, for all of the camp readiness and equipment, for both the conservation camps and educational centers. There will be 150 conservation camps, many of which will have to be newly constructed because they do not presently exist in the national parks and national forests. There is also money provided for the rehabilitation of existing military installations which will then become the educational youth training centers. These costs also provide for all of the installed equipment, and educational and training equipment, which goes into these camps and centers.

Senator ELLENDER. Where is that sum of a hundred million dollars to be found in your appropriation bill?

Mr. CARLEY. It is under title I, part A—

Mr. SHRIVER. It is part of the \$190 million. You see, the first year the largest part is the capital expenditure.

Senator ELLENDER. You will use a hundred million dollars out of the \$190 million to build camps.

Mr. SHRIVER. To get ready—to ready camps, build camps, and fully equip them—that is correct.

## FIVE-YEAR AMORTIZATION EXPECTED

Senator ELLENDER. You don't propose to have many boys employed and operating with the \$90 million, do you?

Mr. SHRIVER. We expect to have 40,000 young men and women. We amortize that hundred million cost over a period of 5 years which is a very short amortization period. Nevertheless, that is what we are using.

Senator ELLENDER. You are going to provide the food and clothing for these boys.

Mr. SHRIVER. Yes, sir; that is all in there.

## PAY TO CAMP ENROLLEES

Senator ELLENDER. How much salary will they receive?

Mr. SHRIVER. \$50 a month, of which they can allot \$25. If they do allot \$25, then we will match it. They have to allot it to an immediate member of the family who is needy.



Senator ELLENDER. You can take care of 20,000.

Mr. SHRIVER. In the \$190 million it will be 40,000.

Senator ELLENDER. You must have done some close figuring, then, to be able to handle as many people with \$90 million.

Mr. SHRIVER. Some people say we can't do it but John thinks we can. Is that right?

Mr. CARLEY. Yes, sir.

Senator ELLENDER. I hope you don't have to come back for a supplemental later on; you know a program like this, when you start it, will snowball. You know that. That is the usual situation that develops.

#### TRAINING CENTER'S EQUIPMENT

Now, the guidance centers, is there any money allocated to spend for equipment or construction of any kind?

Mr. SHRIVER. There might be some.

Mr. CARLEY. Yes, sir, that is included in the \$100 million. That \$100 million includes all the money for the construction of the conservation camps, as well as the rehabilitation and placing of whatever new equipment is needed in the educational centers. That is all included in the \$100 million.

#### CONTRACTS WITH UNIVERSITIES FOR FACILITIES

Senator ELLENDER. Now, the guidance centers I thought would be under contract from universities.

Mr. CARLEY. Yes, sir. But when we ask them to go into an abandoned military installation, we expect to repair the utilities and other facilities and make sure that there are classrooms and shop facilities available. We would meet this expense and contract with them for the operation of the educational program at that center.

Senator ELLENDER. What they will do, then, will be simply to provide the teaching staff?

Mr. CARLEY. Yes, sir.

#### WORK STUDY PROGRAM

Senator ELLENDER. Now, your work study program, how does that differ from work training?

Mr. SHRIVER. Work study is restricted to students who either cannot get into college because they can't go without having work or would have to leave college unless they got work. The work study is strictly for college students, either incoming or ones that are already in college. It is strictly work.

#### WORK TRAINING PROGRAM

Work training is for persons who have not gotten to college who are out of work and out of school, who have never even, for example, in many cases, been gainfully employed. They can be as young as 16 or 17 years of age.

Senator ELLENDER. Will those be provided with a place to live?

Mr. SHRIVER. No. Those are not residential programs. Those are direct work programs. Jobs will be found, in the case of the younger people, for job training and in the case of—

## QUESTION OF CONFLICT WITH EXISTING PROGRAMS

Senator ELLENDER. Who would teach them and how?

Mr. SHRIVER. In the case of the work study program these are college students who are going to college and who do part-time work in order to earn enough money to get through college. This program will be administered by the university where they are in attendance.

Senator ELLENDER. Would that not conflict with the programs that the colleges now have? Don't you think if you start a program like that—you remember I discussed that with you—it will deter colleges from probably providing facilities and work for students as they heretofore did.

Mr. SHRIVER. No, I don't think so, Senator.

First of all, we have a maintenance-of-effort clause in all of these agreements; so that the colleges or universities have to continue doing at least what they have been doing.

## SUPPLEMENT TO PRESENT WORK AT UNIVERSITIES

Second, these programs of work supplement what colleges usually do. Most of the time they are giving loans or scholarships. But this is work which can be done, both on the campus and off the campus. It has been, in fact, endorsed very strongly by the American Council on Education and other organizations representing higher education in the United States as being necessary to help poor men and women to get in and stay in college.

Senator ELLENDER. Now, how many people do you expect to take care of—

Mr. SHRIVER. The Commissioner of Education, Frank Keppel, is here with me. Perhaps you would like to hear from him, in addition, on that question you just asked.

## COST AND NUMBER OF STUDENTS

Senator ELLENDER. I am just trying to find out the cost here. How many people will you take care of under the work study program?

Mr. SHRIVER. 140,000, it is hoped.

Senator ELLENDER. 140,000. Now what will be the amount for each student that you expect to—

Mr. SHRIVER. It runs around \$450 per student they would earn as a result of the work that they do.

Senator ELLENDER. Now you would pay them to do the work?

Mr. SHRIVER. That is correct, but the university would—

Senator ELLENDER (continuing). Get the benefit?

Mr. SHRIVER. The student gets the benefit.

Senator ELLENDER. What I mean is that they are doing work for whom, not for the Government?

## TYPE OF WORK DONE BY STUDENTS

Mr. SHRIVER. They are doing work for the university, or off the campus, let us say in a slum area of the city where the university is located.

Senator ELLENDER. What kind of work would they do there?

Mr. SHRIVER. They could do remedial instruction, for example, teaching. They could do any other kind of work that the university

and we together decide is valuable work to be done, of a public service nature, in that town. Most of it in the university, certainly in the first year. Did you figure 70 percent, Frank? Here is the Commissioner of Education. Seventy percent would be on campus.

Mr. KEPPEL. I think that is right.

Senator ELLENDER. Doing what kind of work on the campus that they are not now doing? In other words, I have been a recipient of that. I have worked my way through college. I have worked at the tables and so forth. Will this be for the benefit of the college, itself?

Mr. KEPPEL. I think it is fair to say that the purpose is not for the benefit of the college but rather to help the fellow through.

#### WORK FROM STUDENTS NECESSARY

Senator ELLENDER. Isn't that then in the nature of a subsidy to the student to be able to go through college?

Mr. KEPPEL. In a sense, yes. Subsidy—except that he is working for it. It gives a little different meaning to the word "subsidy" from the way I usually use it.

Senator ELLENDER. Unless there is work to be done on the college campus, then this amount will be paid to the student more or less to maintain him there in school?

Mr. SHRIVER. It has to be work.

Mr. KEPPEL. In every case he will be working.

Senator ELLENDER. Whether the work is necessary or not?

Mr. KEPPEL. There is an awful lot to be done in colleges—maintenance and recreation work, tutoring schoolchildren, and so forth.

Mr. WEEKS. There is a matching requirement here which will make the college or university interested in making sure that the student does in fact work, that he does not just sit.

#### WORK ON AND OFF CAMPUSES

Senator ELLENDER. You see, when I asked the question as to where this work would be done, you say it will be on the university grounds. Now you say it will be done on the outside, to teach and so forth.

Mr. KEPPEL. Both, sir. The plan is that each institution would submit a program which would probably include work both in connection with the college and in the community. In the college, it might be work as a library assistant, perhaps, or a laboratory assistant, and in the community nearby it could include remedial work with young people. It could include part of the so-called community action program, taking part in title II of the act.

Senator ELLENDER. That is what I was going to come to. You have a program of that kind now.

Mr. KEPPEL. And we would expect and hope that some of these young college students, Senator, would be engaged in some of the part-time tutoring work. From my own experience, Senator, when I was dean of a college, a good many students were volunteering to tutor. I happen to come from Boston, and they were tutoring children in Cambridge and Boston and doing a very useful thing. This program would provide this service with a much larger scope.

Senator ELLENDER. Tutoring backward students?



Mr. KEPPEL. Students in the public schools who, for example, are backward in reading—that kind of thing.

Senator ELLENDER. The point that I am trying to develop here, if I can, is that I find this, if you make it too easy for people to work, you don't have any special work for them to do, you make it easy for them, and it will be reflected in them in years to come.

Mr. KEPPEL. I see what you mean.

Senator ELLENDER. You could do more harm with a program in paying boys and girls to do a job and having nothing to do. It would do more harm than if you didn't serve them at all.

#### TYPES OF STUDENTS IN PROGRAM

Mr. KEPPEL. Mr. Chairman, could I speak for just a moment, sir? I think this work study program ought to be seen, Senator, in a somewhat larger context. These are young people who don't have a nickel. Now it is going to cost them a lot of tuition and board and room in varying amounts, of course, from one part of the country to another and one college to another. But it is going to cost them at least \$1,400 or \$1,500 minimum. Now, the total amount that they could earn under the work study is about \$500 during the regular school session. Therefore, it is necessary for us to think in terms of the other ways in which they will be supported financially.

The other program that we see closely linked to this is the National Defense Education Act loan fund so that it will be very likely, I think almost sure, that every young man or woman who works under this is also borrowing and investing in himself to complete a college education. I think this atmosphere and the need of work in the area will obviate the danger which you so wisely point to.

Senator ELLENDER. I would have no objection to it. As I said, I am just trying to point up the fact that instead of doing good with a program like that, you can do immense harm.

Mr. KEPPEL. This made-work won't do, sir. My talks with the college people persuade me that they understand the dangers.

#### DURATION OF WORK PERIODS

Senator YOUNG. Senator, will you yield at that point for one question?

Senator ELLENDER. Yes.

Senator YOUNG. Will this work be year round or just during the school term?

Mr. KEPPEL. It will be during school term for part time, but the summer could also be used for full-time work and many college students now expect to work during the summer and save money. So this could be assigned in the summertime.

Mr. SHRIVER. Some colleges operate in the summer.

Senator YOUNG. Would you be paying when they weren't going to school in the summertime?

Mr. SHRIVER. Yes. You could. The object here is for them to do genuine work and earn money so that they can stay in school or go to school.

Senator YOUNG. I thank you for yielding.

## COMPARISON WITH WORLD WAR II PROGRAMS

Senator ELLENDER. Now in your work training programs, how will that differ from the work training programs that were carried out after World War II? If you recall, training was given to them so they could learn a trade. They were paid so much a month, say as a carpenter, or so much a month as a shoemaker. I discovered cases where some of the boys worked just for the salary and some of them ended up learning four or five so-called professions, and they weren't qualified to do any of them.

Now how will this program differ? What requirements will you put on them when you accept them to study under work-training programs?

Mr. SHRIVER. I don't know a great deal about the program you are asking me to compare to after World War II. Perhaps Sam Ganz, who is here from the Labor Department, does. Let me say with respect to this program that the people have to be out of work, they have to be out of school, they have to take on a job which is a real job. These are not make-work jobs. During the time they are on this job they are not only learning how to handle the job, but they are receiving counseling through USES and otherwise which would, for example, encourage them, if they were capable of doing, to go back to school so that they can continue their education, or advise them about how to get into the job on a full-time basis.

We would not be permitting people to go, if I understand you correctly, from learning one job to learning another job, and so on, thereby staying on the work-training program.

Sam, you heard the Senator's question. I don't know enough about the program right after the war to draw a comparison. Perhaps you are familiar with the program to which he is referring.

Mr. GANZ. If I may, Mr. Shriver, Jack Howard here is going to be running the program for the Department of Labor. I would like him to respond to the question.

## WORK UNDER TITLE I-B

Mr. HOWARD. The main concern on this part, title I-B of the act, is on work rather than training. It is somewhat parallel to the I-C, which we discussed. It will provide jobs for youngsters at the high school level.

Senator ELLENDER. For whom will they work?

Mr. HOWARD. They will work for public agencies or nonprofit agencies in the kinds of beginning entry and even subentry jobs that are not now being performed but that do have a socially useful service to the community. Possibilities would be library aids in high schools or in grammar schools perhaps, playground aids to the professionals, all sorts of jobs that are not now being performed in the public service sector of the communities. This work would not be performed if it were not for the assistance of this program.

## QUESTION OF CONFLICT WITH TITLE II PROGRAM

Senator ELLENDER. How will that conflict with title II, general community action programs? I thought that the item under title

II-A of \$350 million would be used for the very thing you are now describing.

Mr. HOWARD. The law provides that we work together so that an overall community action program, the work training section under title I-B, will be part of that overall program so that we are not duplicating.

Mr. SHRIVER. There are plenty of places where there would not be any community action program.

Senator ELLENDER. That is what I am asking. For whom would they work under title I? Would they work for private enterprise to learn a job?

#### LIMITATION IN TITLE I-B WORK

Mr. HOWARD. Title I-B in work training is limited to public, State, county, municipal employers and nonprofit employers.

Senator ELLENDER. You mean such as picking up the garbage or work of that kind?

Mr. SHRIVER. It could be.

Mr. HOWARD. Work in a municipal park to help pick up, clean up the park, perhaps a gardener's aid. It might be in a public hospital perhaps as a helper or aid in the many fields in the hospital. The other sectors that could be aided would be the nonprofit private agencies, the welfare agencies, the neighborhood houses, the recreation agencies, things of this sort, where there is a great need for community service which is not now being performed.

#### OBJECTIVE TO PROVIDE WORK EXPERIENCE

Senator ELLENDER. When you speak then of work training programs, it is not with the idea of teaching them jobs?

Mr. HOWARD. It is not occupational training, but they will get work experience.

Senator ELLENDER. It is not for that purpose?

Mr. HOWARD. You are correct, Senator.

Senator ELLENDER. It is just to assist them because they are out of employment?

Mr. HOWARD. The emphasis, Senator——

Senator ELLENDER. Am I right?

Mr. HOWARD (continuing). Is to assist them primarily to sustain themselves in high school or possibly to get back in the high school. There is also the factor of the students who are beyond high school age who haven't work attitudes, who don't know how to work, who don't know how to address themselves to the world of work.

The idea of this program is to get them oriented into a frame of mind with regard to work and the necessity of work in our society so that perhaps they can go on either to a job or perhaps to undergo skill training. This program is not oriented to training for a skill. The emphasis in the act is employability. We want to motivate, improve their attitudes to the point where they are more employable, but we do not aim at a particular given skill or craft.



## AGE RANGE OF TITLE I-B ENROLLEES

Senator ELLENDER. What is the age range of these workers who would be employed?

Mr. HOWARD. As provided in the act, 16 through 21.

Senator ELLENDER. That is for title I-B?

Mr. HOWARD. Yes, sir.

Senator ELLENDER. That would include people not in school then?

Mr. HOWARD. This would include people who have finished high school.

Senator ELLENDER. And not employed?

Mr. HOWARD. And not employed, that is correct.

## PAYMENT TO ENROLLEES

Senator ELLENDER. How much do you contemplate paying the applicants for this kind of work?

Mr. HOWARD. On our program planning we assume that there will be a range of rates and the overall average will be approximately a dollar an hour. The act requires us to have the wage reflect both the local experience in wages being paid locally for particular jobs as well as the level of accomplishment or skill which the person may exhibit.

Senator ELLENDER. You say that that program under title I-B would be coordinated with title II-A, community action?

Mr. HOWARD. That is correct, sir.

Senator ELLENDER. So that in one case under B you would put up all the funds and under title II it would be on a matching basis?

## OVERALL COMMUNITY ACTION SOUGHT

Mr. HOWARD. What we are looking at, Senator, in terms of coordination under B would be an overall community action attack on poverty which would include many things. Community action plans apply to adults as well as youth. It might be under community action programs aimed at reaching adult poverty would be supplemented by a I-B program which would be aimed at youth poverty. So these would fit together in a coordinated movement against poverty in the community.

## COMMUNITY PERCENTAGE CONTRIBUTION

Mr. SHRIVER. All these programs are programs where the community has to put up 10 percent. I thought I understood you to say that we would be putting up all the money, but we don't.

Senator ELLENDER. Not under title I. You put up all the money on that.

Mr. WEEKS. Title I-B has a matching requirement.

Mr. SHRIVER. The local community has to put up 10 percent of, let us say, the salary of the person in the first 2 years. Then it shifts after the first 2 years to 50-50.

Senator ELLENDER. Then under title II-A that would be 50-50?

Mr. SHRIVER. That is 90-10 the first 2 years.

Senator ELLENDER. You mean under title II-A?

Mr. SHRIVER. Aren't you talking about community action?

Senator ELLENDER. I am talking about general community action, that is right.

Mr. SHRIVER. That is right, it is 90-10.

Senator ELLENDER. Under title I-B, work training program?

Mr. SHRIVER. 90-10.

Senator ELLENDER. The same thing?

Mr. SHRIVER. Yes, sir.

Senator ELLENDER. Now what are the recipients supposed to obtain under B? You said a dollar an hour?

Mr. HOWARD. We assume that the overall average will be a dollar an hour.

#### PAYMENT TO ENROLLEES UNDER TITLE II

Senator ELLENDER. Under A, title II, the same thing, a dollar an hour?

Mr. SHRIVER. If they were participating in this part of that program, yes, it would be a dollar an hour. It would depend on the community action programs, what they are doing. It might be a vast variety of things they would be doing under title II, the community action program.

Mr. WEEKS. Senator, if there is a youth work training program being carried out as part of the community action program, it would be funded out of title I, part B. It would be coordinated with the overall community action program, but it would be funded under title I, part B, and administered through the Labor Department, coordinated through the Office of Economic Opportunity.

Senator ELLENDER. Mr. Chairman, I will let others ask questions.

#### WORK IN THE NATIONAL FORESTS

Chairman HAYDEN. I want to ask about the work in the national forests. I remember in the old Civilian Conservation Corps where a camp commander would insist that every one of the men there would take an old automobile apart and put it together again until he thoroughly understood what was inside of it, and also teach him to drive. When he certified that a man was a qualified driver, there was work found for him immediately. There were instances where men were taught by women in the town to be good cooks, and they obtained work immediately afterward.

I want to know if this training is to be along those lines?

Mr. SHRIVER. The training which we give in all these programs, Senator, will be as practical as we can make it in the sense that we will be working with the Department of Labor to find out what jobs they need people to fill. We have businessmen working to place the people once they graduate successfully from this training. There will be a tremendous variety of things. In the conservation work I would not personally anticipate there would be so much truck repair and automobile repair, but there will be a great deal of other types of work done there.

Chairman HAYDEN. They were engaged in the Forest Service, building bridges, clearing roads, so that the forests could be developed, and in the parks there was other work to be done. Incidentally they taught them how to drive a truck and what was inside a truck.

Mr. SHRIVER. I am sure they will get that kind of instruction.

Mr. CARLEY. We do not have any staff provided in our camps for truckdrivers. We will have to train Job Corpsmen in the camps to be drivers, mechanic's helpers, and so forth.

## WORK AVAILABLE AT COLLEGES

Senator YOUNG. You spoke of the various colleges for these students. What work would be available? It seems to me that the students now pick up all the extra jobs that may be available around the universities. Do you plan some special work projects to create new jobs?

Mr. SHRIVER. Frank Keppel can answer that.

Mr. KEPPEL. Senator, work requirements in the higher education field are growing rapidly. The Congress passed the Higher Education Facilities Act this last year with a view to expansion of the capacity of higher education to taken on substantially increased numbers. I think it is quite clear that colleges are putting about \$120 million of their own a year, I think, for this kind of work now. It has been going up at the rate of \$7½ million a year. It seems quite clear to me, sir, that with this growth of higher education alone, to say nothing of the communities' need around it, that it is not going to be made-work, simply because of the expansion that is going on.

Senator YOUNG. I don't follow you at all.

Mr. KEPPEL. I am sorry.

## POSSIBLE INTERFERENCE WITH PRESENT STUDENT WORKERS

Senator YOUNG. In most of these university cities there is not work enough now for the students who want to work their way through schools. If you bring in additional people, what will happen to these students who are trying to work their way through now?

Mr. KEPPEL. I mean jobs within the institution itself, jobs in libraries, for example.

Mr. SHRIVER. The problem is that there is a lot of work to be done, but there is nobody hiring anybody to do it because they have no money to pay for the work to be done. There is a tremendous amount of work that could be done in libraries, but the university does not have the money any more to hire the number of people that they need to do the work in the libraries or in the other facilities around the university.

In addition to that, in the community there is a great deal of work that needs to be done, but it is not being done simply because the local units cannot budget for the work.

Senator YOUNG. You plan to help these cities?

Mr. SHRIVER. Yes, indeed.

Senator YOUNG. You plan to help them develop new work projects?

Mr. SHRIVER. Well, additional workers working on their projects; yes, sir.

Senator YOUNG. Will there be any new Federal works projects programs?

Mr. SHRIVER. No.

Senator YOUNG. I don't see where you are going to find any new program. Every student I know of that is working his way through college has a hard time finding work now.

## NEEDED WORK PRESENTLY UNFINANCED

Mr. SHRIVER. In some cases that is correct, because there is nobody who has the money to hire him to do the work that needs to be done.



As Mr. Keppel say, the amount needed by colleges for this purpose is going up at the rate of \$7½ million a year. If the institution had the money, it could increase at the rate of \$16 million a year and good work could be performed. That is the point of the program. You say there are people today that need jobs that can't get them. The reason they can't get them is not because there is not work to be done, it is that there is no money to pay them.

Senator ALLOTT. I don't believe that is so, Mr. Shriver.

Mr. SHRIVER. It is just a question of fact. The universities think it is. It is not my idea.

#### COST PER STUDENT IN PROGRAM

Senator YOUNG. Your understanding of the employment situation in colleges is far different than my own. Maybe I live in the wrong part of the country. What is the cost per student, per youth, in each one of these programs, A, B, C, under title I? What will it cost?

Mr. SHRIVER. This will cost, as we said a minute ago, each student will earn about \$450 on the average.

Senator YOUNG. The overall cost to the Federal Government for each one of these youths you are trying to help, the cost of maintaining the camps, remodeling and so on?

Mr. WEEKS. Under title I, part A, the operating cost of the camps is \$4,755 per enrollee. In addition, you have to add onto that the amortized cost of the investment in camp and basic equipment in the camp which comes out to about \$500 per enrollee.

Senator ELLENDER. That would be how much per year?

Mr. WEEKS. \$4,766 plus \$500, or \$5,266 per year.

Mr. SHRIVER. On a 5-year amortization writeoff. On the CCC thing, it was written off on a 25-year amortization.

#### OUT-OF-SCHOOL PROGRAMS

Mr. WEEKS. Under work training program, title I, part B, we have to start to differentiate between two different kinds of students, those who are in school and who are working part time, there would be 80,000 of those. That program would cost \$40 million. Out-of-school programs—

Senator ELLENDER. That would be \$500 apiece, is that right?

Mr. SHRIVER. That is what we said, \$450 to \$500 they would earn each.

Senator YOUNG. What is the overall cost?

Mr. SHRIVER. That is the overall cost.

Mr. WEEKS. That is the in-school program, students who are getting part-time jobs while they continue their education. Students who are out of school and working full time—there would be 120,000 of those students—and that program would cost \$106,349 or approximately \$900 per student.

#### WORK STUDY PROGRAM

Under the work study program, the student would earn an average of approximately \$450 each.

#### RURAL AREA PROGRAM

Senator YOUNG. Let me ask a few questions with respect to title III, the rural program, to help farmers. How does that differ from the present program, or is it in addition to the present program?

Mr. SHRIVER. Mr. Bertsch, Farmers Home Administration. Senator YOUNG. How will this differ now from the present program?

#### LOANS TO FARM FAMILIES AND CO-OP ASSOCIATIONS

Mr. BERTSCH. Under the Economic Opportunity Act, section A, title III, we will be authorized to make loans for the first time to impoverished farm families to finance nonfarm enterprises on their farms. Second, we will be able to make capital loans up to \$2,500 over a 15-year repayment period to those impoverished farm families who cannot qualify for the present Farmers Home Administration loans.

Third, we will be able to make loans to cooperative associations whose members are predominantly poor rural people, so that these families will be able to do jointly many of the things which they cannot afford to do singly and alone.

Senator YOUNG. Are these operating loans or are these for purchases of farms?

Mr. BERTSCH. Loans to individuals may be made to purchase additional farmland, as well as for operating purposes.

#### MAXIMUM LOAN

Senator YOUNG. What is the maximum loan?

Mr. BERTSCH. Maximum loan is \$2,500 to individuals. There is no statutory maximum on loans to groups.

Senator YOUNG. Will that be enough to allow a farmer to acquire a unit that he can farm economically?

#### NONMOBILE FARM FAMILIES

Mr. BERTSCH. There are about a million farm families who are not mobile, who are handicapped by being above middle age, by having limited education or by having other disabilities, so that they cannot realistically hope to be trained for nonfarm employment; \$2,500 will not establish them as operators of fully efficient commercial farms, obviously. They have managerial ability in limited amounts. They can live better than they are living now. And \$2,500, we believe firmly, will add enough capital resources to enable them to use their labor more efficiently. The loan will enable them to use what managerial ability they have, to increase their incomes somewhat so that they will retain a measure of personal dignity. They will not become welfare wards in urban communities or residents of city slums. They can live at least somewhat better where they are than they are living now. They can provide a better environment for their children than they now are able to provide. They will not be full-blown operators of what we might term commercial farms.

#### AREA OF PROGRAM APPLICABILITY

Senator YOUNG. To what area in the United States will this program be most applicable?

Mr. BERTSCH. It will be most applicable, I suspect, in the Appalachian area and in some hill counties of the Southeast. However, in every State in the Union and in practically every rural county there are some people who will qualify for this sort of service.

Senator YOUNG. There is no grant involved in this?

Mr. BERTSCH. There is no grant involved.

RATE OF INTEREST AND SECURITY

Senator YOUNG. What rate of interest?

Mr. BERTSCH. About 5 percent. Interest rates for any loans made under the act will be established by the Secretary of the Treasury on the basis of the cost of money to the Government, with an admonition that the rate be as low as possible.

Senator YOUNG. This is the same as the present FHA loan program.

Mr. BERTSCH. The interest rate on FHA ownership and operating loans is 5 percent.

Senator ELLENDER. It will not be secured by mortgage on real estate?

Mr. BERTSCH. No.

Senator ELLENDER. Just the plain note?

Mr. BERTSCH. With perhaps chattel and crop security, Senator.

Senator ELLENDER. Will that conflict with any other program that we have?

Mr. BERTSCH. No; it will complement the other programs that we have.

Senator ELLENDER. It will supplement it?

Mr. BERTSCH. It will supplement it; yes, sir.

NONFARM ENTERPRISES

Senator ELLENDER. You speak of a farmer or farm family having some kind of business on the farm in connection with their farm. Such as what?

Mr. BERTSCH. Such as, assuming that a young man in the family has benefited from the manpower development training program and has learned through a training program to be a welder or a machinery repairman. With agriculture mechanizing as it is, there is much demand for on-farm repair shops, welding shops, and machinery repair shops. This would enable us to advance to that farm family up to \$2,500 to equip on the farm a machinery repair service or welding service to be used by the neighbors.

Senator ELLENDER. Have you any other examples?

Mr. BERTSCH. Packaging and processing facilities for a small producer of some specialty crops, to package that crop and market it directly and thereby capture a larger proportion of the consumer dollar than is presently possible.

Senator ELLENDER. Would that be done cooperatively?

Mr. BERTSCH. We are referring here to individual loans.

Senator YOUNG. What if this person had a pretty good job; would the same requirement apply as is the case now with FHA loans: that he could not obtain credit elsewhere?

Mr. BERTSCH. The same requirement is in effect. Those recipients of these loans would be less able to qualify for conventional credit than our current Farmers Home Administration borrowers.



## WORK EXPERIENCE PROGRAMS

Senator ELLENDER. Under title V, you have work experience programs, \$150 million. I wonder if we could have a description of that and the cost of capital for the person you employ.

Mr. SHRIVER. That program is to be run by HEW. Dr. Winston, Commissioner of Welfare, is here. I would like her to respond to your questions on that, please.

Senator ELLENDER. I am sure she has good answers.

Mr. SHRIVER. Yes, she does.

Mrs. WINSTON. Good morning, Mr. Chairman.

Under this program, sir, we will be helping needy families get to the point where they become self-supporting. We anticipate financing three types of programs that are all interrelated under this title. First of all, we have a number of States that have adopted the new program which was approved by the Congress in 1962 of aid to families where the need of the children is due to unemployment. We have at the present time about 18,000 men on our work training program as a result of this particular program, but we have large numbers of persons—

Senator ELLENDER. Before you continue, 18,000 you say you have employed under the present program?

Mrs. WINSTON. Yes, sir.

## FINANCING PROGRAM

Senator ELLENDER. How is that financed?

Mrs. WINSTON. This is financed under our regular ongoing program.

Senator ELLENDER. You mean HEW?

Mrs. WINSTON. HEW. They are getting financial assistance under title IV of the Social Security Act. Then through other sources the cost of supervision and supplies and so on are provided. But since we have 73,000 families receiving aid as a result of unemployment of the fathers, we want to bring as large a number as possible of those persons into employment, into training situations, so that they can support their families.

Not all of those who are not presently under the program can actually go into our work training situations, because some of them are scattered in rural areas or it might not be practical to try to bring about employment for some of them. But we estimate that we have a good 39,000 who could be employed if we had the necessary funds for supporting these training projects.

Senator ELLENDER. You mean in the same manner as you employ the 18,000?

Mrs. WINSTON. In the same manner as the 18,000 are at the present; yes, sir.

## COST OF PROGRAM UNDER TITLE V

Senator ELLENDER. How much does that program cost the Government? Do you know?

Mrs. WINSTON. At the present time the investment in our overall work training programs, which means actually the assistance costs, is running a little better than \$30 million, and approximately \$20 million of that is Federal money. The Federal participation runs about 60 percent.

Senator ELLENDER. \$30 million?

Mrs. WINSTON. Yes; a little more than that.

Senator ELLENDER. You wanted to add to that 18,000? You say there are 39,000 more?

Mrs. WINSTON. We want to add 39,000 additional persons.

Senator ELLENDER. You are doing for 18,000, you are accomplishing the job with \$30 million, now you want \$150 million for 39,000.

Mrs. WINSTON. No, sir. I am only giving you one group.

Senator ELLENDER. All right.

Let us clarify the situation as to the various groups.

Mrs. WINSTON. Yes. This is the first group among three groups.

#### UNEMPLOYED NOT UNDER TITLE IV AID TO FAMILIES

Then we have a second group where we have men who are unemployed, who are not able to support their families, who are not currently on our program under title IV of aid to families with dependent children. Some of these are actually unemployed in States that have this program of aid to the needy children of the unemployed, but the definition is so restrictive that people who need the help just as much in order to provide food and clothing, and so on, for their children are not getting help. We feel there will be some expansion there in the way of definition. Then we are concerned about the States that have not yet adopted the program of aid to families where the need is due to unemployment. We think that through demonstrating this program over a relatively short period of time we can encourage those States to adopt this basic program.

Then we have a large number of poor families that are really just on the edges of needing financial assistance. We think we can reach into some of those families and prevent their needing to come into the assistance program. Of course, we are just as much concerned with preventive as rehabilitative services. In this group we would anticipate that to get it off the ground and help get these people into an employment situation, we would have to pay the assistance costs as well as the supervisory and supplies costs, which are covered for the first group. So that makes our second group under this program.

#### MOTHERS RECEIVING ADC FUNDS

Then there is a third group which would consist of mothers who are receiving aid to families with dependent children. There are a good many of them who want to work, who could work if they had necessary training.

As you know, from experience in your State, many of these women have had little education; they are not functionally literate. They have never been trained for any work skill. A great many of them were married very young. They have not been in the labor market. We have had good experience where we have been able to recruit selectively among them for work programs that enabled them to go to work and where plans were made for the care of their children. Many became partially or wholly self-supporting.

We have had experience now in demonstration projects with quite a number of different types or unskilled, semiskilled, and clerical work which they can do.

Now, for this third group, again. They are already receiving financial assistance and we think—

Senator ELLENDER. Through what?

Mrs. WINSTON. Through the AFDC program.

Senator ELLENDER. This will be a supplement to what they are receiving?

#### COST FOR TRAINING ADC MOTHERS

Mrs. WINSTON. The only supplement which they get personally is an amount that we have figured at \$10 a month because they have to have carfare and lunches, and so forth, while they are getting the training. But the real cost, and it is a very modest cost, would be for actually providing the training and the supplies for the training. This whole program is designed to help move people from a state of dependency to supporting themselves and their families.

#### WORK TRAINING PROGRAM UNDER TITLE V

Senator ELLENDER. Now, in your first group, the 18,000 that you are now assisting, what do those people do? In what fields do they work?

Mrs. WINSTON. They do a great number of different things. I think one of the programs that we have been especially pleased over was the program that was developed in Chicago where 700 men were trained as cabdrivers. After the training period a very high proportion became qualified cabdrivers and are supporting their families.

We have just completed an experience in eastern Kentucky where we had a work-training program in nine counties. They were being used for a wide range of necessary public work. For example, they had a great deal of damage in some of those counties due to floods. So they repaired roads, built retaining walls, and that kind of thing. They also improved public buildings, many of which were in a bad state of repair because those are very poor counties and they simply do not have the public funds under their local taxes to do all of the necessary upkeep. We had some of them working in the development of recreation areas, cleaning them up, and so on.

So, you get a wide range of needed work, some of which, particularly for the women, can lead into fairly skilled work. We train some women to go into clerical jobs, become beauty operators, and that kind of thing.

Senator ALLOTT. Senator Ellender, would you yield?

Senator ELLENDER. Yes, sir.

#### MATERNAL AND CHILD WELFARE PROGRAM

Senator ALLOTT. You have \$129 million by the House figure in this particular program now; haven't you? In the regular budget?

Mrs. WINSTON. For the work and training.

Senator ALLOTT. For maternal and child welfare.

Mrs. WINSTON. Our maternal and child welfare is a different kind of program. I presume you are referring to our authorizations under child welfare services?

Senator ALLOTT. I am referring to the line item in the budget that entitled maternal and child welfare.



Mrs. WINSTON. Yes.

Senator ALLOTT. The House gave you \$129 million.

#### ITEMS OF CHILD WELFARE PROGRAM

Mrs. WINSTON. That is a very different appropriation. That is the appropriation that goes to the Children's Bureau which is made up of three separate items under title V. One item is the money for child welfare services. This is the program through which we are providing a wide range of social services to children. The money goes out under a formula to States to help them with their basic child welfare services programs.

Then, as a second item we have the maternal and child health program. This money goes to State health departments for the development of improved health services for children and mothers. The third item is the crippled children's program which, of course, is a program directed at a wide range of crippling conditions of children and to help States meet the needs of those children. That is a very different focus from work training.

#### PROVISION FOR WORK TRAINING IN REGULAR BUDGET

Senator ALLOTT. How does that differ from the things you were just describing to Senator Ellender?

Mrs. WINSTON. You asked about the provision in our regular budget?

Senator ALLOTT. Yes.

Mrs. WINSTON. We do not have a provision in our regular budget for the kind of thing we are talking about here except for the fact that under title IV we do have funds for making assistance payments to needy families with children.

To the extent that there are people who are covered under the AFDC program due to the unemployed status of the father, we have taken care of the payments in the regular budget and we do not anticipate duplicating. We are simply supplementing to help those funds to be used more effectively because we know from good experiences in many places that there are a large number of unemployed people you can help move off assistance to a self-supporting status.

#### ANTICIPATED CONFLICT WITH TITLE II-A PROGRAMS

Senator ELLENDER. Now, your first class of programs and then your third, which you described where they go in and help repair and clean up public buildings and things, won't that conflict with some of the programs that they are providing under title II-A?

Mrs. WINSTON. Sir, we have taken that very carefully into account in our planning, and we do not anticipate that there will be conflict. One of the important factors in this whole program is coordination, so that you do not move into programs that would be conflicting in any way.

#### PROGRAM FOR UNEMPLOYED ADULTS

Then you have to remember that we are dealing here not with young people who are getting their first work experience but we are primarily concerned with unemployed adults. We are concerned

that they have the opportunity to work out their full AFDC grant on regular work, that is substantial, on either public or nonprofit projects that add to the basic investment of the community.

I think you will find that with the difference in our objectives we won't have any difficulty here.

Senator ELLENDER. The people that you hope to assist under classes I, II, and III are people who are already employed and what you propose to do with this—

Mrs. WINSTON. No, sir. None of them are employed. Under groups I and III they are already receiving financial assistance from the AFDC program.

Senator ELLENDER. That is the Government.

Mrs. WINSTON. Yes, from the Government. They are already getting assistance. For group I this is giving them an opportunity to work out their assistance.

#### PAYMENTS FOR WORK DONE

Senator ELLENDER. You keep on the AFDC payments in addition?

Mrs. WINSTON. We will continue the payments but the payments will be their payment for the work that they do.

For example, you have a man, who is unemployed and is getting, say, \$171 a month as the AFDC grant for his family. We estimate the average will be \$171 a month. He will be put to work on public useful work at the going rate for the particular kind of work, which will normally be a dollar or a dollar and a quarter an hour. He will work enough hours to work out his payment. We have found that these men welcome the opportunity to work out their grants so that they are really earning the subsistence for their families.

Senator ELLENDER. You said \$171 per month. This will be additional to that \$171?

Mrs. WINSTON. No. This is the \$171 that the family is now getting.

Senator ELLENDER. You want him to work for that?

Mrs. WINSTON. That is right.

Mr. SHRIVER. That is right.

Senator ELLENDER. Good for you.

Mr. SHRIVER. For the first time, they are going to do something for what they get.

Senator ELLENDER. Why is it necessary to get as much as \$150 million for that purpose when, as Senator Allott pointed out, you have a budget for that now under which you are paying this \$171 a month?

Mrs. WINSTON. The program to which the Senator refers is a different program for different purposes with different authorizations. The reason we have not been able to develop these work programs is because we have not had the additional money necessary to help States with the cost of supervision, with the cost of supplies, and so on. This will be an encouragement to them to expand this kind of useful productive work.

#### NUMBER OF PEOPLE ANTICIPATED UNDER PROGRAM

Senator ELLENDER. How many people do you expect to assist with this \$150 million?

Mrs. WINSTON. We anticipate building this up because you don't put this program full fledged into effect in the beginning. We would anticipate that during November and December of this year we could, for the three groups, and I can give you the breakdowns by numbers, employ or train 52,500 people, that by January or March of next year, the third quarter of the fiscal year, we could be employing or training 118,600 roughly, and that by April-June we will have built up to almost 210,000 people.

#### SOURCES OF OTHER AID TO PROSPECTIVE ENROLLEES

Senator ELLENDER. Now, all those people, virtually all those people are now receiving help from the Government?

Mrs. WINSTON. Of these people, the ones in groups 1 and 3 are already receiving help in which there is a large percentage of Federal involvement. A proportion of those in group 2 would be getting assistance out-of-State or local funds or a combination of the two.

Senator ELLENDER. As they work and you pay them to do this work, they won't receive the money that they are now privileged to obtain?

Mrs. WINSTON. Actually, what this really means is that they work out the grant.

#### WORK INSTEAD OF OUTRIGHT GRANT

Mr. SHRIVER. In other words, instead of getting it without doing any work, sitting around the house, now they go to work.

Senator ELLENDER. You are mighty optimistic if you think you are going to get people who are getting \$171 a month now from the Government, to make them work and get that same money. I hope you succeed.

Mr. SHRIVER. Last year you got 18,000, didn't you, Dr. Winston?

Mrs. WINSTON. Yes.

Mr. SHRIVER. Who were receiving it for nothing? Now they are working for it?

#### KENTUCKY PROJECT

Mrs. WINSTON. Could I read you a bit about one of these projects? We just examined this in Kentucky where we sent a team down to see what the work experience meant. Here we had men who for a long time had been unemployed. A program was put into nine eastern counties to demonstrate what could be done. I was given this report just yesterday.

We found that the program had stirred new hope for the future. One community leader called it "the best program down from Washington in a long time."

Governmental units have been eager to become sponsors of projects. They are most enthusiastic about the program. One sponsor said it gave the unemployed fathers "a chance to feel and act like men again." Another was impressed by the good effect on youngsters in the family. He said "some boys of 16 and 17 in these families had never seen their fathers working." Other sponsors told of the amazing improvement in the men working on the project. At first unkempt, none too clean, demoralized. They turned into self-respecting persons under discipline of reporting to work every day and in the knowledge they were working for a paycheck and not a grant.

That, sir, we think is a most desirable objective.

Senator ELLENDER. I agree. I had some of those Kentucky people that you are assisting testify before the Agriculture Committee on



the surplus food. Many of them would not work for a dollar or a dollar and a quarter an hour, because they obtained \$28 per day to work in the mines. Have you run into that trouble?

## OFFER AND NONACCEPTANCE OF OPPORTUNITY TO WORK

Mrs. WINSTON. What we have had is this, sir. Under these programs, if a man is offered an opportunity to work out his payment and he does not accept it, he is cut off.

Mr. SHRIVER. That is it.

Senator ELLENDER. That is fine. I hope you can live and stick to that.

Mrs. WINSTON. Yes, sir.

Senator ELLENDER. There is one more question I would like to ask, Mr. Chairman.

As I understood you to say, under program A, title I, youth camps and guidance centers, the appropriation is \$190 million with which you are going to build the camps necessary to do this work and that you expect to add 60,000 more next year for a total of 100,000.

Mr. SHRIVER. Ultimately that is what we are shooting for, yes. This is only a 1-year authorization and appropriation. So, in fact, we are talking about 40,000 people. Ultimately we would like to have a hundred thousand.

Senator ELLENDER. But you said 100,000.

Mr. SHRIVER. We would like to do that sometime.

## COST OF PROGRAM

Senator ELLENDER. Now the cost of that, as I understand, is \$5,200 plus, so that for that program alone next year, if you are going to carry out your views of getting 100,000, it will climb up to \$520 million.

Mr. SHRIVER. The \$5,220 is the cost per enrollee, that is right.

Senator ELLENDER. So that that program alone under title I, if we proceed and try to work up to the 100,000 you speak of, will cost over a half billion dollars, just that one title.

Mr. SHRIVER. If we were to get up to 100,000, yes, but that is not authorized under this bill.

Senator ELLENDER. You will get to that if this starts working, you understand. I never saw a program that did not mushroom.

Mr. SHRIVER. One thing about this is that the people have to volunteer to get into this program. This is not a draft program where people are compelled to go into it. We might not even get the 40,000.

Senator ELLENDER. That is all the questions I have.

## HELP TO INDIANS ON RESERVATIONS

Senator YOUNG. How does this help the Indians on the reservations? They are the poorest people in America today.

Mr. SHRIVER. Jack Conway is in charge of the community action program. He has spent a lot of time with the national council on that.

Will you respond to that, Jack?

Mr. CONWAY. The community action title of the legislation is particularly fitting for Indian organizations, particularly tribal organi-

zations. They have expressed great interest in being able to participate first of all through technical assistance grants, to develop their own programs and to develop—

#### TECHNICAL ASSISTANCE GRANTS

Senator YOUNG. How about this program of technical assistance grants?

Mr. CONWAY. Technical assistance grants can go one of two ways. It can go through States if the States desire to set up a mechanism for handling technical assistance grants to local communities, including Indian tribal organizations, or it can go directly to the local community or the Indian tribal organization if they don't have this method.

Senator YOUNG. Will you explain how this will work?

Mr. CONWAY. This will allow the Indian community to, first of all, develop a program which is designed to eliminate poverty in their particular reservation. It can have a variety of elements starting with education, preschool education, any kind of supplemental remedial educational efforts. It can have special training programs or activities built around housing and homemaking, sanitation, health, all of these items.

The nature of a community action program is such that the local community has to take the initiative to develop the program. They can get assistance in the development of the program.

Senator YOUNG. Let me interrupt you a moment. I am talking about the reservations. The local community has little to do with these. The Interior Department handles these affairs. Would they have to develop a works project program?

Mr. CONWAY. This is not a works project.

Senator YOUNG. They have schools on the reservation now, I might say some good schools.

Mr. CONWAY. They could get additional assistance if they needed it.

#### EXAMPLES OF AVAILABLE ASSISTANCE

Senator YOUNG. What kind of assistance? Give me an example.

Mr. CONWAY. An example would be special remedial language teaching, for example, if this were a problem in the area, or skill training, if the only jobs available were off the reservation and they needed extra skill training in order to be able to qualify. Matters of this kind clearly would fall within this program.

Senator YOUNG. This would be in addition to their school program?

Mr. CONWAY. It has to be in addition. None of the community action funds can be used to underwrite the regular elementary or secondary school programs. This has to be additional effort, remedial in character. Dr. Keppel and I have worked very closely on this to make sure that the Office of Education and the people working on the community action are doing exactly the same things. There is no disagreement there.

Senator YOUNG. On most reservations, at least in my State, we don't have the community action. This is a reservation action.

Mr. SHRIVER. We mean that. A community under this term would include a reservation. The reservation would be a community. So it would be reservation action, as you phrase it.

Senator YOUNG. Then you would grant more money to the Interior Department?

Mr. SHRIVER. To the reservation, to the Indians.

Senator YOUNG. These schools on the reservation are operated by the Interior Department, not by the Indians.

#### DEVELOPING COMMUNITY LEADERSHIP

Mr. CONWAY. It could be if remedial efforts were carried on by the school system then the money could be handled through the regular school system. There would be no problem on that score. In addition to the specific program elements, there is a strong emphasis in the community action program to develop community leadership, to train people to do these things. The whole purpose of the community action program is to assist in reducing dependency, to try to get people who are now in a dependent status to be able to break their way out of that through the kind of community action effort and assistance that makes it possible for them to improve their education, their skills, their ability to function in the community. In order to be effective a community action program has to have strong local support, leadership and direction and administration. The essence of the community action program is that it is developed locally; it is fitted to the problems of that community. It is administered by the leadership in that community.

Senator YOUNG. I am talking about the reservations again. You talk about the community and the community action program. It is the Federal Government that operates the community. Do the Indians themselves have to indicate a great interest before you go in and do this?

Mr. CONWAY. There are two kinds of situations I would envisage. There are some situations in which the community might develop a community action program larger than the reservation. It could be both reservation and nonreservation. There are certain kinds of situations where a county or a group of counties might develop a community action program that encompassed an Indian reservation area. But the legislation is drawn in such a way that the reservation, the tribal organization, itself, can qualify as a community action organization and develop its own program and to get the support and the assistance that would make this possible.

Senator YOUNG. It is all a bit hazy to me.

#### ELIGIBILITY OF INDIANS FOR PROGRAMS

Mr. WEEKS. In addition to this I think it is important to note that Indians are eligible under every title of the bill and that while the community action program would be one of the main ways in which they could get help to eliminate some of the causes of poverty on reservations, Indian youth would be eligible for the Job Corps. Work training programs for high school students could be carried out on Indian reservations and near Indian reservations. Indian youth who want to go to college to participate in the work study program. Poor Indian farmers could get loans under title III. Poor Indian business-



men could get loans under title IV. They would also be eligible for the program under the title V. In addition, under the volunteer program in title VI we can assign on request volunteers to Indian reservations to work with the Indians in improving the conditions on Indian reservations.

Senator YOUNG. You are being more specific now.

Mr. SHRIVER. Community action would enable an Indian reservation or an Indian tribal unit to come forward with its own plan to improve its own situation. That would come in under Mr. Conway's part of the program.

Senator YOUNG. These poor tribal councils don't have much to say. The Interior Department runs them. They tell them what to do. They have little to say, themselves.

Mr. SHRIVER. That is what we are trying to do, give them something to say.

#### IMPROVEMENT OF RESERVATION BY COMMUNITY ACTION

Senator ALLOTT. You won't, Mr. Shriver. You won't accomplish it through this. You know that. You can't, because this whole Indian thing is built up, and nothing is going to change it. It is going to get progressively worse, particularly under the present Commissioner, and it is not going to change.

Senator Young knows what it is. The chairman knows what it is. I know what it is. We have these people in our State.

I find the answer of the witness is completely nebulous. I can see no substance by which an intelligent man would appropriate \$1 for such a thing, based upon his testimony.

Mr. SHRIVER. Let us say that you are right, and that no Indian reservation can be improved by virtue of any community action program undertaken. That really means, then, that no community action program under title II would be undertaken on an Indian reservation. The community action programs would be undertaken in other places in the United States, and not on Indian reservations.

Senator ALLOTT. Let me ask the question in a different way.

The Senator has asked a question about the Indian reservation. He got an answer that to us, too, is completely unsatisfactory. Such an answer would not justify the appropriation of a single dollar.

#### COMMUNITY ACTION PROGRAMS IN CITY

Now let me ask the question in a different way. We have all kinds of communities in this country. When you consider the various sizes of the cities like New York and Boston or of the size of Des Moines, Kansas City, St. Louis. In addition you have a lot of small towns across the country.

Now, could you give me an example of what a community action program would consist of in a large city such as Cleveland, Detroit, or any other place? What it would consist of in a typical small town from 2,500 to 10,000?

Maybe this will point this up a little bit.

Mr. SHRIVER. Jack, why don't you give some of the examples of those who are ready to go?

Mr. CONWAY. We have several examples that in a sense have a head start in developing community action programs because of the assistance that they have gotten from the Ford Foundation, New Haven, Conn., for example.

Mr. SHRIVER. 150,000 people in New Haven?

Mr. CONWAY. Roughly 150,000 people. They have a community action program there that is about a year and a half or 2 years old. It has developed successfully to the point where it now has a range of activities all designed to get at the source of the difficulties in the neighborhoods where there are large concentrations of poor people.

#### COMMUNITY SCHOOL APPROACH

The heavy emphasis on this particular community action program is built around what is known as the community school approach, where the school is made the center of the neighborhood. It is kept open many hours in addition to the regular school hours. It is the center for a variety of purposes, not only the direct educational program for the children in the grade schools and high schools, but for neighborhood activities, for special homemaking training, for skill training, for social services. In addition to having the regular school teachers there, the principal, they have neighborhood offices where they provide direct social services.

The legal aid efforts are decentralized into those neighborhoods and more accessible to the people.

They have a special program worked out through the Department of Labor and the Bureau of Employment Security where they have neighborhood youth centers that have become a model for some of the activities that the Labor Department is contemplating doing on a larger scale.

All these efforts, tied together, are designed to increase the educational levels, to improve the employability of the people, to give special assistance to people in categories that need extra help, like elderly people.

This I say is a well-developed, well-rounded program.

#### COMMUNITY ACTION EFFORTS IN SMALLER COMMUNITIES

There are other community action efforts in smaller communities. Charleston, W. Va., is an example of one, where, operating out of Charleston they are going into the county and into the hollows. They have developed volunteers that work with the youngsters. They try to tutor and to improve the general schooling conditions there.

They have recruited people to assist in refurbishing the single-room schools, so that they can be utilized in the winter months, because many of them are not insulated now.

There are a variety of activities. In each community it will vary according to the nature of the problem. What exists in one section of a county may be different than exists in another.

Senator ALLOTT. What would you conceive to be a community action program in a small town of 2,500 to 10,000?

Mr. CONWAY. In a small town, a community that has been relatively stable over the years, has not had much in-migration and the problems are problems of developing new skills, a changing economy, the emphasis could be on vocational education, special school training.

If you have a small community in an area where the general educational level is quite low, as exists in a number of the areas in, say,

eastern Kentucky, the heavy emphasis on general education, supplementary education, would be required.

Again, it would depend a great deal on what the local people themselves felt they ought to do to try to eliminate poverty in their midst.

#### RURAL AREA PROGRAM

Senator ALLOTT. I want to ask this question of Mr. Bertsch.

I want to ask you a question about your rural area program.

I think you probably know that I was the author of a great majority of what is presently the FHA law. I can see the value of loans to low-income rural families, but I don't think that this thing gets at the basic problem. That is because, we have so many low-income farm people in this country they do not have enough land to have an economic sustaining unit. I think Senator Ellender will agree with this one reason.

Would you agree to that?

Senator ELLENDER. And machinery.

Senator ALLOTT. Even if they had the machinery, the land will not support a family.

Actually you have the purchase provisions under the FHA, and they could utilize these. I think your \$2,500 to finance nonagricultural income producing enterprises is a little far out.

Some of the areas you mentioned are repair work, mechanical repair work, perhaps sheet metal work, and that sort of thing.

I cannot see how this basically gets at the program. If you are really going to combat poverty in rural areas, you must get at the basic things that cause poverty.

They already have extension agents all over the country to tell them how to improve farming. They have the "SES" to help them grade, level and provide engineering services. But they simply do not have the wherewithal there to establish economic unit.

#### FARM FAMILY WITH LIMITED MANAGERIAL ABILITY

Mr. BERTSCH. As you have pointed out, to those who have capacity to grow, to be commercially competitive, the present programs of the Farmers Home Administration are useful, programs under the Jones-Bankhead Farm Tenant Act, which was amended to permit the owner of a large farm to solve some of his problems.

For the farm family with limited managerial ability, which can't hope to manage on a 6-acre farm; for the family which is located now on a 40-acre farm and can't hope to do much more than make that 40 acres more productive and live a little bit better; for a farmer who is beyond the age where he can be realistically retrained for migration to the city or employment in an industrial society; all we claim under this section is that we can make his lot somewhat better where he is, retain for him some of the personal dignity which he experiences by working in his own community. We can permit him to live out the balance of his years there in the community where he can make some greater contribution to society and to the economy than he is making at this particular time.

Senator ALLOTT. You can essentially do this under the laws that we have now.



## CAPACITY TO REPAY LOANS

Mr. BERTSCH. We can do some of it, but we find a great many applicants coming to us who do not have the capacity to repay loans under our present repayment provisions.

These more lenient repayment provisions provided under the Economic Opportunity Act for a longer repayment period means that some part, up to 10,000—we have estimates on these people this year—we will be able to reach with additional authority that we cannot reach under the authorizations we now have.

Senator ALLOTT. Will this be operated with FHA facilities?

Mr. BERTSCH. Yes. We will operate this program through our established organizations.

## PROGRAM TIE-IN TO MANPOWER TRAINING PROGRAM

Senator ALLOTT. Mr. Shriver, how do these programs differ or tie into the manpower training program, the vocational educational program, the ARA, and the rest of these things?

Mr. SHRIVER. Well, with respect to the Manpower Development and Training Act, these fit in, you might say, at a lower age level, and with respect to people who have not had a job, we are not retraining people here, we are just beginning with them.

Mr. Ganz could comment on this in greater detail than I can, but we have worked very closely with the Department of Labor to make sure that the program proposed hereunder would be supplementary or complements what they are already doing under the Manpower Training Act, so that we don't conflict. We would get at a group which is poorer both in education and in finance than the group we have worked with heretofore.

Mr. Ganz, would you amplify that?

Senator ALLOTT. I would like to say this: I have been a very strong supporter for many years of vocational education training programs. It seems to me here that what we are doing is really shoving our whole vocational education program to the side. We have organizations in every State manned with trained and capable people.

MAKING BETTER USE OF VOCATIONAL EDUCATIONAL ACT AND MANPOWER  
DEVELOPMENT TRAINING ACT

This will involve the training of new people, and the retraining of old people. It seems to me we are shoving this whole thing aside.

Mr. GANZ. My reaction would be this, Senator Allott: It does not shove it aside. It actually capitalizes on it, and gives us some additional resources so that we can make better use of the Vocational Educational Act, and its facilities, and make better use of the Manpower Development Training Act, and its facilities.

Commissioner Keppel, of course, will talk to the educational part, but I will be glad to respond to the manpower development training part.

Under the Manpower Development Training Act, we are looking to get the unemployed people, give them training to refurbish their skills, teach them how to become employable for the jobs they can go out and seek now.

## OPPORTUNITY FOR WORK EXPERIENCE

Under this poverty program, we are getting the people who are frequently not in the labor market at all. We will provide jobs. We are going to give them an opportunity to get work experience, how to actually do something on the job, itself.

This is different from the skills that Mr. Jack Howard spoke about a moment ago. Now, up to now, these people have been around without work. They have not been eligible for the Manpower Development and Training Act. They have not had any way of making a dollar to get some income to help them to bring their families out of the poverty straits that they are in now.

Now, we provide the funds to give them those needed jobs. They will go to work, and they will do meaningful work in places where the job opportunities and facilities have not been available.

As was stated before, this will be in Government installations, both at the local level, at the city level, at the State level, and it will also be in nonprofit institutions, which are hurting very badly now because there is so much to do and they don't have the money to provide jobs to do what is needed.

I can give an example like the health agencies, all of the institutions which involve those health services that are very badly needed now. Under this program these jobs will be provided, and these youth in poverty will be earning money on the job.

## DIFFERENCE BETWEEN THIS PROGRAM AND MANPOWER DEVELOPMENT AND TRAINING ACT

There is also a very vital difference between this program and the Manpower Development and Training Act. Under the Manpower Development and Training Act we pay for training and training allowances, but the employee gets no work compensation, that is, no wages can be paid under the Manpower Development and Training Act.

Senator ALLOTT. Don't you have the power to do everything under that act that you can do here?

Mr. GANZ. I don't think so, sir, because, for one, there is nothing in the Manpower Development and Training Act which permits the reimbursement to an employer of payment of wages for work.

Even in the on-the-job training program, the only part the Government pays is for the training aspect, not the work aspect.

Senator ALLOTT. This is also a make-work project.

Mr. SHRIVER. People are going to have to work for this money.

Senator ALLOTT. This is also a make-work project.

Mr. GANZ. May I respond to that?

In my personal way of thinking, make-work seems to carry an implication that you are doing something that is not needed. I think the vast difference here is that this may be a work-providing situation, but the work is needed. It is crying to be done. It is just that the people, both at the local government level and in the nonprofit sectors don't have the money to provide the needed services.

When we go to the hospitals, there are many, many jobs that should be done, if they had the money to do it.

## UNDERSTAFFED FACILITIES

We are all cognizant of the fact that our educational, health facilities—When I say “make-work,” the inference is that the job that is being created is a job that has to be done, and we are giving people an opportunity to do it and earn some money on it, and in that way I think we accomplish a very worthwhile double objective.

Senator ALLOTT. I am afraid I have to agree with you, it is not a job that has to be done. It is a job that somebody might like to have done. There is a vast difference.

I agree with Senator Young. I think you are going to make a competitive situation. If it continues it may be impossible for a young man or a young woman to make their way through college without depending upon the Government for a grant.

## GRANTS OR LOANS FOR COLLEGE STUDENTS

Mr. WEEKS. There are no grants in here for college students.

Senator ALLOTT. Our loans, whatever you call them. It amounts to the same thing. Now, Mr. Ganz, what you are doing is making it easier in this way. My experience has been the same as Senator Ellender's. I worked my way through school, both after school and in the summertime. Let me say the work was quite menial.

The competition for a job is very difficult. By providing more jobs, you are taking out of competition some of these very, very low income source people. It is probably the reverse of that effect that you are concerned about. That is, we will have more jobs for youngsters who want to work.

Mr. SHRIVER. I was on a board of trustees of a university where 60 percent of the people qualified to go to school could not go to school because they could not get work to help finance their way through.

That is not unusual. Sixty percent of those who were intellectually qualified could not go to college because they could not get either a scholarship or job to finance their way through.

## UNCLAIMED AND UNUSED SCHOLARSHIPS

Senator ALLOTT. I will tell you in response to that, there are many millions of dollars' worth of scholarships that go by the board, unclaimed, in this country every year.

Mr. SHRIVER. That is right.

Talk about that, Mr. Keppel.

Mr. KEPPEL. There are millions of dollars that are not being used. The problem has been that the funds that back up those scholarships are for narrowly restricted purposes, very narrowly restricted purposes, either geographical or for intellectual or other special situations.

They are not generally in the way of supporting a fellow through college. I would have to say, sir, that our figures in the Office of Education would suggest that there are not funds generally available from private sources for scholarships for undergraduate students.

May I emphasize that, sir, for undergraduate students, that are adequate to meet the need.

I have a great many figures on that subject.

Senator ALLOTT. I would agree if you are going to take an across-the-board figure, this is true, but there are also millions of dollars



generally available not only in highly specific areas but still there are millions and millions of dollars left that are available for scholarships that must go unclaimed.

Mr. KEPPEL. When I was dean of a private institution trying to raise private money for this purpose, I found only a little of it compared to the need we had.

#### AVAILABILITY OF SCHOLARSHIPS

Mr. SHRIVER. Is it not true that the scholarships are usually available to the top 2 or 3 percent of the graduates of high school classes?

Some people, of course, think these are the only people who ought to go to college. When you get down to the top 25 percent, these are those people who are intellectually qualified for the colleges—they may not be Phi Beta Kappa, but they will be good citizens—who can't get in on these scholarships, and they can't get work, therefore they don't go.

That is what we are trying to prevent with the work-study program. We are trying to make it possible for the person with the ambition and brains but not the money to go to college. There are a lot of kids with those, ambition and brains, but can't go.

Mr. KEPPEL. I will supply the record with a recent study on the relationship.

(The statement referred to follows:)

#### IDENTIFICATION AND NURTURING OF TALENTED

The identification and nurture of the talented comprise a challenge of importance. Many effective and ingenious programs have been devised to encourage gifted children to exercise their talents to the maximum. In my view, however, these efforts have—by the very nature of things—been so fragmented and scattered that they fall far short of meeting our national purposes in this area.

The limitations of our efforts to date are revealed in the comprehensive national census of the many degrees of ability at the high school level undertaken by Project Talent, an activity which has been supported by the Office of Education with cooperative research funds appropriated through this committee. One of the significant bits of evidence recently published by the project indicates that at an extremely high level of general college aptitude (upper 2 percent) nearly all male high school graduates enter college regardless of family income. However, our Nation is losing the services of 15 percent of the high school seniors who are in the upper 90 to 100 percentile of high school graduates. Despite their obvious ability, these students do not go on to college. No society—not even ours—can stand the outright loss of 15 percent of its most valuable resource.

It is worth noting that three-fourths of these students come from families whose annual income is less than \$9,000 and about 40 percent from families whose income is less than \$6,000. The obvious fact is that high-ability youngsters from low-income families fail to attend college to a much greater degree than do high-ability students from high-income families. Of students whose aptitude levels fall in the 90 to 98 percentile group, 13 percent with family incomes of less than \$6,000 fail to go on to college, whereas the figure for those with family incomes of \$12,000 or more is only 3 percent.

Very large regional differences were found among high school graduates of equal academic aptitude who do or don't go on to college. For example, in the Northeastern and Mideastern States only one-half of high school graduates of high level college ability will go on to college while in the Southwestern and Far Western States 70 percent will go on to college. These pronounced differences appear to show that more high school graduates go to college in regions where low-cost junior colleges and State colleges are available.

I take it as self-evident that highly able secondary school students should be encouraged to continue their formal education. A program of salvaging talent must begin, however, at a far earlier stage. Too many able children lack early motivation, encouragement, and opportunity to develop their gifts. Their course

is set before they reach the high schools. This problem is most acute in the depressed rural and city slum areas, but it is not confined there. Teachers throughout the Nation need to be trained and retrained to identify the gifted and to help these youngsters achieve their potential. Valiant efforts are being made to meet this challenge in many parts of our educational system. We must nevertheless concede that we have made only a beginning—that our efforts must be far more comprehensive and systematic.

## FEDERAL COST OF EACH ENROLLEE OR STUDENT

Senator ELLENDER. Mr. Chairman, I wish to say that I searched my soul in an effort to try to go for this proposal, but I could not see my way clear. I hoped I was wrong in my evaluation of this program.

I wonder, Mr. Shriver, if we could get just in one spot the per capita Federal cost of each enrollee or student or employee in each category.

Mr. SHRIVER. We certainly can. I can't give it right offhand.

Senator ELLENDER. I understand. I want that for the record.

Mr. SHRIVER. Yes, sir.

Senator ELLENDER. And then the similar figures for the States.

Mr. SHRIVER. Yes, sir.

Senator ELLENDER. And then the number of Federal employees you have given as 4,518, and other employees, 268, in what category do they fall?

Mr. KELLY. Those are consultants paid when actually employed. That is a man-year figure, 268.

Senator ELLENDER. How many of those Federal employees will be in Washington?

Mr. KELLY. We can give you that for the record.

Senator ELLENDER. Supply a statement giving the summaries that I have asked for. That will give us an indication of the overall cost per capita, and then if you project that to the future, we can make a fair estimate of what the program will cost in the future, if enlarged.

(The information referred to follows:)

## ECONOMIC OPPORTUNITY PROGRAM

*Per capita costs*

	Average Federal cost	Average matching cost	Number
Job Corps enrollee.....	\$4,766	0	40,000
Work-training trainee:			
In-school program.....	498	56	80,000
Out-of-school program.....	886	99	120,000
Work-study student.....	508	56	142,000
Adult literacy student.....	700	0	68,000
Work-experience participant group I, extension of work and training to families now receiving AFDC-UP.....	480	40	25,000
Group II, extension to others not receiving AFDC-UP.....	1,501	65	86,150
Group III, AFDC mothers.....	213	203	37,500

*Washington, field staff distribution*

	Washington	Field	Total
Office of Economic Opportunity.....	545	550	1,095
Department of Agriculture.....	20	1,640	1,660
Department of Health, Education, and Welfare.....	85	53	138
Department of the Interior.....	17	1,358	1,375
Department of Labor.....	135	115	250
Total.....	802	3,716	4,518

## DEPRESSION PROGRAM IN PROSPEROUS TIMES

Senator ELLENDER. As I view the program which HEW has discussed here, it is more or less a work program which I have no objection to, except that here we are enjoying more prosperity than we have ever in our history enjoyed. With all of that, we are called upon to provide programs that were necessary in the depression.

I am wondering what will happen to our country if, as, and when a depression ever strikes us. In other words, if we can't take care of the situation now, with all the prosperity in this country, I am just wondering what is going to happen in the future if things really get bad?

Mr. SHRIVER. Of course, that is the purpose of this law, to take care of the situation now, while we are in prosperity, just as you suggest.

Senator ELLENDER. I hope that we will succeed to the point where Mr. Shriver will be able to balance our budget.

Mr. SHRIVER. Well, these people will begin to produce rather than just chew up money.

Senator ELLENDER. I hope you are right. I am praying that you will be right.

Mr. SHRIVER. Thank you, Senator. I hope so.

Senator ELLENDER. I will do all I can to help.

Mr. SHRIVER. I know you will.

Senator ELLENDER. As I said, I want to see how this will work. I hope to get out at some of these camps, if I can, and see exactly what you are doing, and what you are doing at the local level, because I consider this more or less a works project, the same as we had during the depression.

## PEOPLE IN A DEPRESSION

Mr. SHRIVER. Some of these people in our society are really in a depression. They are in a depression in the sense that they never got out.

Senator ELLENDER. You have a lot of people now who are in the depression that will remain in the depression, no matter what you do for them.

Mr. SHRIVER. I am afraid that is right, with respect to some.

Senator ELLENDER. Quite a large number. A larger number than you think.

Mr. SHRIVER. We have seen figures there are about 9 million families with 30 million people in them. Of that group 11 million are children.

Now, they may be in depression now, or in depression families.



If we can get at them, we may be able to remove them and their progeny out of that group forever.

Senator ELLENDER. I hope you do.

Mr. SHRIVER. Thank you.

Senator ELLENDER. That is all, Mr. Chairman.

Chairman HAYDEN. Are there any further questions?

If not, we thank you for your appearance.

Mr. SHRIVER. Thank you, Mr. Chairman.



# DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

## OFFICE OF EDUCATION

STATEMENTS OF FRANCIS KEPPEL, COMMISSIONER OF EDUCATION; JOHN F. HUGHES, EXECUTIVE OFFICER; JOHN J. PATEROS, DIRECTOR, FINANCIAL MANAGEMENT BRANCH; MRS. GENEVIEVE O. DANE, BUDGET OFFICER; KENNETH W. MILDENBERGER, DIRECTOR, COLLEGE AND UNIVERSITY ASSISTANCE; RALPH J. BECKER, DIRECTOR, DIVISION OF STATE GRANTS; AND JAMES F. KELLY, DEPARTMENT BUDGET OFFICER

### EXTENSION OF NATIONAL DEFENSE EDUCATION ACT

Chairman HAYDEN. The next item for consideration relates to the extension of the National Defense Education Act, which I understand passed the House only yesterday.

We have representatives from the Office of Education to explain this item.

I will include the budget estimate in the record. You tell us about it.

(The estimate referred to follows:)

#### APPROPRIATION ESTIMATE

##### "DEFENSE EDUCATIONAL ACTIVITIES

*"For an additional amount for 'Defense educational activities,' \$74,400,000, of which \$10,300,000 shall be for capital contributions to student loan funds and loans for non-Federal capital contributions (not to exceed \$300,000) to student loan funds, \$10,000,000 shall be for grants to States for equipment and minor remodeling of facilities for the purposes included in Sec. 301 of Public Law 85-864, as amended, and for supervisory and other services, and \$3,000,000 shall be for grants to States for testing, guidance, and counseling; Provided, That, in lieu of amounts heretofore specified, allotments for grants to States under sections 302 (a) and 305 for acquisition of equipment and minor remodeling shall be made on the basis of \$70,400,000, allotments for loans to private, nonprofit schools shall be made on the basis of \$9,600,000, and allotments under section 302 (b) for supervisory and other services shall be made on the basis of \$6,000,000; Provided further, That this appropriation shall be available only upon enactment of S. 3060, 88th Congress, or similar legislation, amending the National Defense Education Act of 1958."*

##### CHANGE IN LANGUAGE

The language provides for the appropriation of funds authorized in the amendments to the National Defense Education Act of 1958.

Under title III an amount of \$90 million is authorized for acquisition of equipment and minor remodeling, of which 12 percent, or \$10,800,000, is reserved for loans to nonprofit private schools. In addition, an amount of \$10 million is authorized for State supervision and administration. The total amount requested for title III is based on estimated usage—\$70,400,000 for grants to States, \$1 million for loans to nonprofit private schools, and \$5,200,000 for State supervisory services.



Therefore, an allotment base of \$80 million is included for acquisition of equipment—\$70,400,000 for grants to States and \$9,600,000 for loans to schools. An allotment base of \$6 million is included for State supervisory services since a lesser base would reduce some States below the present level to make up the increase in the minimum allotment from \$20,000 to \$50,000 to other States.

*Amounts available for obligation*

	1965 presently available	1965 revised estimate	Increase
Appropriation or estimate.....	\$287,890,000	\$362,290,000	+\$74,400,000

*Obligations by activity*

	1965 presently available	1965 revised estimate	Increase
1. Student loans:			
(a) Contribution to loan funds.....	\$135,000,000	\$145,000,000	+\$10,000,000
(b) Loans to educational institutions.....	1,000,000	1,300,000	+300,000
(c) Cancellation of student loans.....	400,000	400,000	-----
2. Instructional assistance:			
(a) Acquisition of equipment and minor remodeling:			
(1) Grants to States.....	61,600,000	70,400,000	+8,800,000
(2) Loans to nonprofit private schools.....	1,000,000	1,000,000	-----
(b) Grants to States for supervision and administration.....	4,000,000	5,200,000	+1,200,000
3. National defense fellowships.....	22,790,000	45,490,000	+22,700,000
4. Guidance, counseling, and testing:			
(a) Grants to States.....	17,500,000	20,500,000	+3,000,000
(b) Institutes for counseling personnel.....	7,250,000	9,250,000	+2,000,000
5. Advanced training:			
(a) Language and area centers.....	6,200,000	10,450,000	+4,250,000
(b) Research.....	1,800,000	2,550,000	+750,000
(c) Institutes in critical subjects.....	7,250,000	27,750,000	+20,500,000
6. Educational media research.....	5,000,000	5,000,000	-----
7. Grants to States for area vocational programs.....	15,000,000	15,000,000	-----
8. Grants to States for statistical services.....	2,100,000	3,000,000	+900,000
Total obligations.....	287,890,000	362,290,000	+74,400,000

*Obligations by object*

	1965 presently available	1965 revised estimate	Increase
25 Other contractual services.....	\$22,500,000	\$48,030,000	+\$25,530,000
33 Investments and loans.....	137,000,000	147,300,000	+10,300,000
41 Grants, subsidies, and contributions.....	128,390,000	166,960,000	+38,570,000
Total obligations.....	287,890,000	362,290,000	+74,400,000

*Summary of changes*

1965 enacted appropriation.....	\$287,890,000
Revised estimate, 1965.....	362,290,000
Total change.....	<u><u>+74,400,000</u></u>

## INCREASES

## Program increases:

1. Student loans:		
(a) Contributions to loan funds.....	\$10,000,000	
(b) Loans to educational institutions.....	300,000	
2. Instructional assistance:		
(a) Acquisition of equipment and minor remodeling: Grants to States.....	8,800,000	
(b) Grants to States for supervision and administration.....	1,200,000	
3. National defense fellowships.....	22,700,000	
4. Guidance, counseling, and testing:		
(a) Grants to States.....	3,000,000	
(b) Institutes for counseling personnel.....	2,000,000	
5. Advanced training:		
(a) Language and area centers.....	4,250,000	
(b) Research.....	750,000	
(c) Institutes in critical subjects.....	20,500,000	
6. Grants to States for statistical services.....	900,000	
Total.....	74,400,000	

## 1. STUDENT LOANS

	Presently available	Revised estimate	Increase
(a) Contributions to loan funds.....	\$135,000,000	\$145,000,000	+\$10,000,000
(b) Loans to educational institutions.....	1,000,000	1,300,000	+300,000
(c) Cancellation of student loans.....	400,000	400,000	-----
Total.....	136,400,000	146,700,000	+10,300,000

Institutions numbering 1,562 with total enrollments of 3.5 million students, requested \$146,975,412 for Federal capital contribution for the 1964-65 school year. Their requests, after review, evaluation, and reductions were adjusted finally to approximately \$135 million, the amount of appropriated funds for this year.

With proposed revisions in the act to (1) remove the \$800,000 institutional loan limit; (2) provide loans through business schools and technical institutes; (3) provide loans to part-time students; and (4) increase the yearly limitation on loans from \$1,000 to \$2,500 for graduate student borrowers, the need for an additional supplemental appropriation is apparent.

Measurable results of these amendments could approximate \$12,250,000 as follows:

(1) Thirteen institutions requested approximately \$2 million above the \$800,000 limitation.

(2) It is estimated that about 250 accredited business schools and technical institutes would require at least \$1,250,000 in the first year.

(3) Graduate student borrowers constitute approximately 10 percent of all borrowers, or an estimated 30,000. Assuming an average loan increase of \$300 for graduate students could require an additional \$9 million.

In addition to these known elements is the provision for part-time students. Since the current title II loan fund applications do not include part-time students and since no survey has been made of this group, it is not possible to estimate its first-year impact upon available loan funds. Since other measurable requirements already exceed the \$145 million authorized by the amended legislation, the participating institutions must adjust their approved funds to provide for this loan group.

The schools are expected to request a total of approximately \$1,300,000, an increase of \$300,000 in section 207 loan funds to enable those institutions which need to borrow to finance their share of the loan fund.

## SUMMARY

Total loan funds (in millions) available to the institutions for the fiscal year 1965 will be as follows:

	Currently available	Revised estimate	Increase
Appropriated funds.....	\$135	\$145	\$10
Institutions' contributions.....	15	16	1
Collections (cash).....	16	16	0
Carryover (previous year).....	14	14	0
Total funds.....	180	191	11
Carryover (to next year).....	15	15	0
Total loans.....	165	176	11

It is estimated that in the fiscal year 1965, \$176 million will be loaned to approximately 317,000 full-time equivalent students, including those in business schools and technical institutes, with an average loan of \$525 to \$550 per student, slightly above the estimated 1963-64 level of \$490 on the assumption that the institutions will increase the amount loaned per student in order to compensate for increased college costs and to provide for the higher loan limitations for graduate students. Loans also will be made to part-time students.

The above estimated increases in Federal capital contribution are based upon applications and other estimated program data for a full academic year. This need may be somewhat reduced by the time the funds are available for distribution. However, there is ample evidence that this entire additional authorization of \$10 million will be required.

## 2. INSTRUCTIONAL ASSISTANCE

## (a) Acquisition of equipment and minor remodeling (1) Grants to States

	Presently available	Revised estimate	Increase
41 Grants, subsidies, and contributions.....	\$61, 600, 000	\$70, 400, 000	+\$8, 800, 000

Title III of the National Defense Education Act was broadened to include financial assistance to strengthen instruction in history, civics, geography, English, and remedial reading. The authorization was increased from the present \$70 million a year to \$90 million for the current fiscal year ending June 30, 1965, and for each of the 3 succeeding fiscal years for acquisition of equipment and minor remodeling. The law provides that 12 percent of the appropriation be reserved for loans to nonprofit private elementary and secondary schools, and the balance provides payments to State educational agencies.

An increase of \$8.8 million is requested for the new subject areas added which require a wide variety of classroom equipment and materials, some of which are as costly as science laboratory equipment, e.g., charts, library materials (resource and reference books), maps, globes, projectors, production equipment for making teaching aids, test-grading machines, specialized devices for use in teaching remedial reading, and equipment for audiovisual libraries.

The estimated number of students in the subject areas covered by the program will be increased by 75.8 million students. Estimated fall 1964 enrollments are as follows:



Numbers currently served :	<i>Millions</i>	Additional numbers served :	<i>Millions</i>
Science.....	19.1	English.....	38.9
Mathematics.....	33.8	History.....	17.9
Modern foreign languages.....	3.9	Geography.....	12.4
		Civics.....	2.2
Total.....	56.8	Remedial reading.....	4.4
		Total.....	75.8

The basic nature of the subjects involved is such that the local budgets now contain ample funds for matching purposes to acquire the equipment and materials now available under the program.

NATIONAL DEFENSE EDUCATION ACT—TITLE III  
*Grants to States for acquisition of equipment and minor remodeling*

State or outlying part	1965 allotment presently available	1965 revised allotment
Total.....	\$61,600,000	\$70,400,000
Alabama.....	1,624,834	1,856,953
Alaska.....	127,152	148,344
Arizona.....	641,702	733,374
Arkansas.....	853,038	974,901
California.....	3,650,031	4,171,464
Colorado.....	673,861	770,127
Connecticut.....	550,065	628,646
Delaware.....	104,185	119,069
Florida.....	1,755,123	2,005,855
Georgia.....	1,955,100	2,234,400
Hawaii.....	365,563	426,490
Idaho.....	335,050	382,914
Illinois.....	2,206,469	2,521,679
Indiana.....	1,577,533	1,802,895
Iowa.....	1,053,710	1,209,954
Kansas.....	797,482	911,408
Kentucky.....	1,441,157	1,647,037
Louisiana.....	1,665,455	1,908,377
Maine.....	384,288	439,186
Maryland.....	1,016,209	1,161,382
Massachusetts.....	1,188,797	1,358,625
Michigan.....	2,552,220	2,916,823
Minnesota.....	1,345,788	1,538,043
Mississippi.....	1,153,279	1,318,033
Missouri.....	1,309,851	1,496,973
Montana.....	274,908	314,181
Nebraska.....	534,754	611,147
Nevada.....	75,437	86,214
New Hampshire.....	210,844	240,965
New Jersey.....	1,307,618	1,494,421
New Mexico.....	519,241	593,418
New York.....	3,455,786	3,949,469
North Carolina.....	2,267,704	2,591,662
North Dakota.....	309,070	353,223
Ohio.....	2,921,212	3,338,528
Oklahoma.....	985,188	1,125,929
Oregon.....	621,844	710,679
Pennsylvania.....	3,256,140	3,721,302
Rhode Island.....	231,514	264,587
South Carolina.....	1,261,013	1,441,158
South Dakota.....	343,773	392,883
Tennessee.....	1,679,585	1,919,526
Texas.....	4,180,025	4,777,171
Utah.....	479,532	548,037
Vermont.....	157,984	180,553
Virginia.....	1,759,544	2,010,907
Washington.....	960,815	1,098,074
West Virginia.....	860,103	982,975
Wisconsin.....	1,440,778	1,646,603
Wyoming.....	128,506	146,864
American Samoa.....	50,000	50,000
Canal Zone.....	50,000	50,000
District of Columbia.....	136,855	156,406
Guam.....	50,000	50,000
Puerto Rico.....	707,285	825,166
Virgin Islands.....	50,000	50,000

## (b) Grants to States for supervision and administration

	Presently available	Revised estimate	Increase
41 Grants, subsidies, and contributions.....	\$4,000,000	\$5,200,000	+\$1,200,000

Title III of the National Defense Education Act was amended to broaden this activity, as well as the acquisition of equipment activity, to cover supervisory and related services in the additional critical subject areas of history, civics, geography, English, and remedial reading. The authorization for appropriations was increased from the present \$5 million a year to \$10 million for the fiscal year ending June 30, 1965, and for each of the 3 succeeding fiscal years, for payments to State educational agencies; and the minimum allotment to each State was increased from \$20,000 to \$50,000.

An amount of \$4 million under an allotment base of \$5 million is currently available. Supplemental funds of \$1,200,000 are requested to meet the needs of the expanded program, or a total of \$5,200,000 for fiscal year 1965 under an allotment base of \$6 million. The increase will provide half the cost of approximately 3 additional professional supervisory personnel and related services for each of the 53 participating jurisdictions for an average of two-thirds of the year.

It is logical to assume that States will want to provide proportionately strong leadership services in the added subjects as they have done in science, mathematics, and modern foreign languages.

## NATIONAL DEFENSE EDUCATION ACT—TITLE III

*Grants to States for supervision and administration*

State or outlying part	Allotment base presently available, 1965	Revised allotment base, 1965
Total.....	\$5,000,000	\$6,000,000
Alabama.....	95,951	106,668
Alaska.....	20,000	50,000
Arizona.....	42,135	50,000
Arkansas.....	50,374	56,001
California.....	431,153	479,313
Colorado.....	51,000	56,697
Connecticut.....	64,975	72,233
Delaware.....	20,000	50,000
Florida.....	134,123	149,104
Georgia.....	115,454	128,350
Hawaii.....	20,000	50,000
Idaho.....	20,442	50,000
Illinois.....	251,141	279,193
Indiana.....	124,840	138,785
Iowa.....	73,319	81,509
Kansas.....	57,779	64,233
Kentucky.....	85,104	94,610
Louisiana.....	98,350	109,335
Maine.....	25,656	50,000
Maryland.....	86,356	96,002
Massachusetts.....	125,883	139,944
Michigan.....	221,521	246,265
Minnesota.....	94,699	105,277
Mississippi.....	68,104	75,711
Missouri.....	106,902	118,843
Montana.....	20,000	50,000
Nebraska.....	37,442	50,000
Nevada.....	20,000	50,000
New Hampshire.....	20,000	50,000
New Jersey.....	154,460	171,713
New Mexico.....	30,663	50,000
New York.....	408,208	453,805
North Carolina.....	133,914	148,872
North Dakota.....	20,000	50,000
Ohio.....	266,472	296,237
Oklahoma.....	63,202	70,262
Oregon.....	48,184	53,566
Pennsylvania.....	283,055	314,672
Rhode Island.....	20,963	50,000
South Carolina.....	74,466	82,784

## NATIONAL DEFENSE EDUCATION ACT—TITLE III—Continued

*Grants to States for supervision and administration—Continued*

State or outlying part	Allotment base presently available, 1965	Revised allotment base, 1965
South Dakota.....	\$20,337	\$50,000
Tennessee.....	99,184	110,263
Texas.....	279,405	310,614
Utah.....	29,307	50,000
Vermont.....	20,000	50,000
Virginia.....	113,994	126,727
Washington.....	79,889	88,813
West Virginia.....	50,791	56,465
Wisconsin.....	107,840	119,886
Wyoming.....	20,000	50,000
District of Columbia.....	20,000	50,000
American Samoa.....	10,000	10,000
Canal Zone.....	10,000	10,000
Guam.....	10,000	10,000
Puerto Rico.....	32,963	57,245
Virgin Islands.....	10,000	10,000

## 3. NATIONAL DEFENSE FELLOWSHIPS

	Presently available	Revised estimate	Increase
41 Grants, subsidies, and contributions.....	\$22,790,000	\$45,490,000	+\$22,700,000

Title IV of the National Defense Education Act has been amended to increase from 1,500 to 5,000 the number of fellowship awards authorized for fiscal year 1965. Office of Education projections indicate that college and university enrollments will rise from 4.5 million in the fall of 1963 to approximately 8.6 million in 1975. The problem of preparing adequate numbers of qualified teachers to accommodate enrollment increases of this magnitude is a critical one since the present rate of production of new college teachers holding doctor's degrees is inadequate. Currently, approximately 51 percent of college and university faculty hold doctorates but only 30 percent of the newly hired faculty during recent years hold this degree.

By helping graduate students already in the pipeline to concentrate full time on their studies and research, their progress can be accelerated and the percentage of candidates who complete their degrees can be raised. But the greatest urgency at this point is to effect a major increase in the number of doctoral candidates in graduate schools so that the output of doctorates during the latter 5 years of the 1964-74 decade will be significantly nearer to meeting the need.

Most of the additional 3,500 fellowships will be 3-year awards carrying stipends of \$2,000 for the first academic year of study, \$2,200 for the second year, and \$2,400 for the third year, with an allowance of \$400 per academic year for each dependent. Approximately 500 will be awarded to persons who have had 2 or more years of college or university teaching experience and who will receive stipends of up to \$4,800 plus standard dependency allowances. These larger stipends were authorized in order to make it possible for college teachers to leave their jobs for a year or two while they complete the final stages of their doctorates. A fixed amount of \$2,500 per year for each fellow is paid to the institution.

Additional stipends and allowances for summer study (authorized under the amendment in order to encourage year-round study) are included in the supplemental estimate at the rate of \$400 per fellow per year and, in the case of fellows with 2 years of college teaching experience, at \$1,000 per year, plus an allowance of \$400 for each dependent. The estimate assumes that most fellows will elect to take their summer stipend options since graduate study is normally a year-round operation.



The supplemental estimate is based on the following costs:

3,000 additional fellowships at 1st year level.....	<sup>1</sup> \$16, 200, 000
500 additional fellowships to persons with 2 years of college teaching experience.....	<sup>2</sup> 4, 650, 000
3,526 summer stipends and allowance for fellows in existing program.....	<sup>3</sup> 1, 850, 000
<b>Total.....</b>	<b>22, 700, 000</b>

<sup>1</sup> Formula for calculating cost of additional fellowships at the 1st year level:

Basic stipend.....	\$2, 000
Summer supplement.....	400
1 dependent (average).....	400
Summer supplement for dependent.....	100
Institutional payment.....	2, 500

Total cost per fellowship..... 5, 400

<sup>2</sup> Formula for calculating cost of additional fellowships to persons with 2 years of college teaching experience:

Basic stipend.....	\$4, 800
Summer supplement.....	1, 000
2 dependents (average).....	800
Summer supplement for dependents.....	200
Institutional payment.....	2, 500

Total cost per fellowship..... 9, 300

<sup>3</sup> Formula for calculating supplementary summer costs for fellows in existing program:

	1,397 fellows at 1st year level	790 fellows at 2d year level	1,339 fellows at 3d year level
Basic stipend.....	\$400	\$400	\$400
Average number of dependents.....	1	1½	1½
Average dependency allowance.....	\$100	\$125	\$150
<b>Total cost per fellow.....</b>	<b>\$500</b>	<b>\$525</b>	<b>\$550</b>

#### 4. GUIDANCE, COUNSELING, AND TESTING

##### (a) Grants to States

	Presently available	Revised estimate	Increase
25 Other services.....	\$90, 000	\$120, 000	+\$30, 000
41 Grants, subsidies, and contributions.....	17, 410, 000	20, 380, 000	+2, 970, 000
<b>Total.....</b>	<b>17, 500, 000</b>	<b>20, 500, 000</b>	<b>+3, 000, 000</b>

Title V-A, which authorizes financial assistance for establishing, maintaining, and improving guidance, counseling, and testing programs, was extended (1) to include students in public elementary and secondary schools, previously limited to students not below grade 7 or above grade 12, and public junior colleges and technical institutions; and (2) to include students in other elementary and secondary schools and in other junior colleges and technical institutions in the testing program.

The authorization for appropriations was increased to \$25 million for fiscal year 1965, \$25,500,000 for fiscal year 1966, \$32,500,000 for fiscal year 1967, and \$37,500,000 for fiscal year 1968. An amount of \$17,500,000 is currently available. Supplemental funds of \$3 million are requested to meet the needs of the expanded program.

The expansion of provisions for guidance, counseling, and testing will cover about 24,600,000 public elementary school students, and more than 800,000 students in public junior colleges and technical institutions who were previously

not eligible. The testing program in nonpublic schools will be applicable to a substantially larger number of students in such schools at the elementary, junior college, or technical institution levels and it is estimated that more than 1 million additional students will be tested in the nonpublic schools.

About 20,000 additional counselors are needed to achieve the desired counselor-student ratio of 1 counselor for every 300 students in the public secondary schools.

Additionally more than 40,000 public elementary school counselors are needed to achieve a minimum ratio of only 1 to 600, and by 1969 approximately 53,000 counselors will be needed at this level. Less than 15 percent of elementary schools presently have the benefits of more than 1 day per week of services by guidance counselors.

The rapid rate of increase in local guidance and counseling personnel which occurred during the first years of the program has decreased markedly. During the first 5 years after the passage of the National Defense Education Act, the States reported an average annual increase of more than 20 percent in the number of full-time equivalent counselors over the preceding year. In fiscal year 1963, there was an increase of only 11 percent over the previous year. This declining rate of growth has been caused by the financial inability of State and local school systems alone to support additional increases at the previous rate. It is anticipated that the additional Federal funds requested will accelerate the rate of increase.

Each year the appropriation for this activity has been fully obligated. Federal funds are overmatched about 9 to 1 by State and local expenditures. The authorized program expansion and the States' participation record justify the appropriation request of \$20,500,000.

NATIONAL DEFENSE EDUCATION ACT—TITLE V, PT. A

*Guidance, counseling, and testing*

State or outlying part	1965 allotment presently available	1965 revised allotment
Total.....	\$17, 500, 000	\$20, 500, 000
Alabama.....	338, 099	396, 895
Alaska.....	50, 000	50, 000
Arizona.....	148, 470	174, 289
Arkansas.....	177, 502	208, 370
California.....	1, 519, 241	1, 783, 438
Colorado.....	179, 707	210, 958
Connecticut.....	228, 952	268, 767
Delaware.....	50, 000	50, 906
Florida.....	472, 604	554, 790
Georgia.....	406, 821	477, 568
Hawaii.....	67, 620	79, 379
Idaho.....	72, 030	84, 556
Illinois.....	884, 938	1, 038, 829
Indiana.....	439, 896	516, 395
Iowa.....	258, 352	303, 279
Kansas.....	203, 594	239, 000
Kentucky.....	299, 879	352, 028
Louisiana.....	346, 552	406, 817
Maine.....	90, 405	106, 126
Maryland.....	304, 289	357, 205
Massachusetts.....	443, 571	520, 709
Michigan.....	780, 568	916, 309
Minnesota.....	333, 689	391, 718
Mississippi.....	239, 977	281, 709
Missouri.....	376, 686	442, 192
Montana.....	69, 090	81, 105
Nebraska.....	131, 932	154, 875
Nevada.....	50, 000	50, 000
New Hampshire.....	55, 492	65, 142
New Jersey.....	544, 266	638, 914
New Mexico.....	108, 045	126, 834
New York.....	1, 438, 391	1, 688, 528
North Carolina.....	471, 869	553, 927
North Dakota.....	64, 312	75, 496

## NATIONAL DEFENSE EDUCATION ACT—TITLE V, Pt. A—Continued

*Guidance, counseling, and testing—Continued*

State or outlying part	1965 allotment presently available	1965 revised allotment
Ohio.....	938,960	1,102,246
Oklahoma.....	222,704	261,433
Oregon.....	169,785	199,310
Pennsylvania.....	997,392	1,170,839
Rhode Island.....	73,867	86,713
South Carolina.....	262,394	308,025
South Dakota.....	71,662	84,124
Tennessee.....	349,492	410,268
Texas.....	984,530	1,155,740
Utah.....	103,267	121,225
Vermont.....	50,000	50,000
Virginia.....	401,676	471,528
Washington.....	281,504	330,458
West Virginia.....	178,972	210,095
Wisconsin.....	379,994	446,075
Wyoming.....	50,000	50,000
American Samoa.....	20,000	20,000
Canal Zone.....	20,000	20,000
District of Columbia.....	56,962	66,868
Guam.....	20,000	20,000
Puerto Rico.....	200,000	248,000
Virgin Islands.....	20,000	20,000

*(b) Institutes for counseling personnel*

	Presently available	Revised estimate	Increase
25 Other services.....	\$7,250,000	\$9,250,000	+\$2,000,000

Amendments to the National Defense Education Act authorize the Commissioner to arrange with institutions of higher education for the operation of institutes to improve the qualifications of personnel engaged, or teachers preparing to engage, in counseling and guidance of students in elementary schools, secondary schools, and higher education institutions (including junior colleges and technical institutes). Previously institutes were limited to counseling and guidance personnel working with students in grades 7 through 12. The law provides funds for operational costs of the institutes and payment of stipends to enrollees at the rate of \$75 per week plus \$15 per week for each dependent.

*Elementary.*—Approximately \$1,150,000 will be used to support 5 elementary institutes which will provide a full academic year of training to 150 elementary school personnel.

*Higher education.*—Nearly \$850,000 will support 20 short-term institutes which will provide a summer of training to 600 higher education personnel.

Expansion of the institutes program into the elementary and higher education levels is an important step toward achieving the goal of high-quality professional counseling and guidance services for young people throughout their educational careers.



The present appropriation of \$7,250,000 will support the following:

*Institutes for counseling personnel*

	Short term	Regular session	Total
<b>Institutes for personnel working in grades 7 through 12:</b>			
Number of institutes.....	34	25	
Number of enrollees.....	1,020	750	
Instructional costs.....	\$642,046	\$2,536,500	
Cost of stipends.....	822,454	3,249,000	
<b>Total.....</b>	<b>1,464,500</b>	<b>5,785,500</b>	<b>\$7,250,000</b>
<b>The supplemental request of \$2,000,000 will support the following:</b>			
<b>Institutes for elementary personnel:</b>			
Number of institutes.....		5	
Number of enrollees.....		150	
Instructional costs.....		\$507,300	
Cost of stipends.....		649,800	
<b>Total.....</b>			<b>1,157,100</b>
<b>Institutes for higher education (including junior colleges, community colleges and technical institutes):</b>			
Number of institutes.....	20		
Number of enrollees.....	600		
Instructional costs.....	\$369,500		
Cost of stipends.....	473,400		
<b>Total.....</b>			<b>842,900</b>
<b>Total revised estimate.....</b>			<b>9,250,000</b>

5. ADVANCED TRAINING

	Presently available	Revised estimate	Increase
(a) Language and area centers.....	\$6,200,000	\$10,450,000	+\$4,250,000
(b) Research.....	1,800,000	2,550,000	+750,000
<b>Total.....</b>	<b>8,000,000</b>	<b>13,000,000</b>	<b>+5,000,000</b>

Part A of title VI provides support for language and area centers, modern foreign language fellowships, and research and studies in order to strengthen and improve the teaching of modern foreign languages at all levels of education. Amendments to the National Defense Education Act increase the authorization for this program from \$8 to \$13 million for fiscal year 1965, and to \$14, \$16, and \$18 million for 1966, 1967, and 1968, respectively.

LANGUAGE AND AREA CENTERS

The 55 language and area centers currently being operated have helped to remedy the deficiency in the academic program with respect to language and related area studies in the critical languages. However, Federal assistance is providing less than 20 percent of the operating costs of some centers and the university budgets cannot afford further expansion into the new and enlarged programs necessary to provide sufficient coverage of all neglected non-Western languages and area subjects.

An increase of \$2,250,000 for centers above the \$2,580,000 already provided for fiscal year 1965 will be used to establish 10 new graduate and 62 new undergraduate centers. This represents an average increase of \$10,000 above the existing \$43,000 average support level for each of the present centers. The estimate will also support five additional summer language programs.

## LANGUAGE FELLOWSHIPS

The \$3,620,000 currently available for fellowships and undergraduate summer stipends will provide support for approximately 1,140 students, as follows:

	Number	Amount
Language fellowships at \$3,600.....	915	\$3,294,000
Academic year postdoctoral at \$12,050.....	10	120,500
Summer postdoctoral at \$1,700.....	15	25,500
Undergraduate summer at \$900.....	200	180,000
Total.....	1,140	3,620,000

## ADVANCED TRAINING

The ratio of awards to applications has dropped to 1 out of 5 and both the number of renewals and the number of new applications continue to increase.

A supplemental increase of \$2 million will provide support for approximately 605 additional students as follows:

	Number	Amount
Language fellowships at \$3,600.....	485	\$1,746,000
Academic year postdoctoral at \$12,050.....	10	120,500
Summer postdoctoral at \$1,700.....	5	8,500
Undergraduate summer at \$1,000.....	105	105,000
Increased cost to raise 200 currently available undergraduate summer stipends from \$900 to \$1,000.....		20,000
Total.....	605	2,000,000

## LANGUAGE RESEARCH

It is necessary to increase the \$1,800,000 currently available for research in order to accelerate the production of needed instructional materials in the neglected languages, particularly those of Asia and Africa.

Therefore, an additional amount of \$750,000 for fiscal year 1965 is requested to develop basic courses, grammars, dictionaries, etc., for teaching the languages, and the history and culture of the non-Western countries.

*(c) Institutes in critical subjects*

	Presently available	Revised estimate	Increase
25 Other services.....	\$7,250,000	\$27,750,000	\$20,500,000

Title VI-B of the National Defense Education Act, as amended, provides short-term or regular session institutes of advanced study for individuals who are (1) engaged or preparing to engage in the teaching or supervising or training of teachers, of modern foreign languages, English, remedial reading, history, geography, or civic, in elementary or secondary schools, or are (2) preparing to become school librarians or educational media specialists. Previous to the amendments, institutes were limited to the area of modern foreign languages. Each individual attending an institute is eligible to receive a stipend of \$75 per week plus \$15 per week for each dependent.

Amendments also raise the fiscal year 1965 maximum authorization from \$7,250,000, which is currently available to \$30 million. It is requested that supplemental funds totaling \$20,500,000 be appropriated in order to implement the expanded institute programs. These funds will support 280 additional summer institutes serving an estimated 13,817 participants for the new program.

The following institutes will be conducted :

#### 1. ENGLISH

The situation in the teaching of English—our national tongue—is so serious that it threatens the foundations of our educational enterprise and of our progress as a people. Some recent statistics are revealing. Of 7,417 secondary school English teachers in a representative sampling, the average teaching experience was 9 years; but only 50.5 percent of these teachers had earned a college major in English. One-third did not have a major in a field related to English. Two-thirds did not consider themselves well prepared to teach composition and oral skills. And almost 50 percent did not consider themselves well prepared to teach literature and language. In the elementary schools the conditions are even more serious. A sampling of elementary English teachers representing every region revealed that more than 40 percent began teaching without a baccalaureate degree; fewer than 10 percent had a major in English; and 54 percent had majored in education rather than in any academic subject. Success in school and college, and in life itself, is heavily dependent upon the skills and values which should be developed in the English classroom. A total of 115 summer institutes for 5,863 English teachers is planned, plus 3 summer institutes for 150 teachers of English as a foreign language in U.S. schools.

#### 2. REMEDIAL READING

The problem of reading is so serious that it is considered in a separate institute category. In the sampling of high school English teachers noted on the previous page, an astonishing 90 percent did not consider themselves well prepared to teach reading. In the formative elementary grades, teachers trained in teaching techniques are rare prizes, treasured by school principals. In these circumstances, large numbers of children coming from culturally deprived, and not necessarily poor, backgrounds never develop even a minimal ability to read. As a result, schoolwork is frustrating and shortened, and these individuals never fulfill their innate potential in education or in life. A vast salvage enterprise can retrieve many thousands of our youth before they become dropouts, turning them into useful, satisfied members of American society. Special institutes for teachers and supervisors of remedial reading will pay rich dividends. A total of 27 summer institutes for 1,350 remedial reading specialists is planned.

#### 3. HISTORY

The act authorizes institutes in several specified subjects dealing with the world into which our American children will grow and in which they must participate as thinking citizens. Teachers in these fields are badly in need of refresher training in new instructional methods and materials, and in the subject-matter depth that an institute can provide. These are subjects which are fundamental to the education of our youth, and are almost universally offered in our schools. They are prerequisites for entrance into effective citizenship and essential for college study. First, institutes are needed for improving the competence of teachers of history, for the past is prolog to the present and the future. Teachers of history are too frequently unacquainted with the actual documents of the U.S. history and with the deeper implications of the sweep of Western civilization and its relevance to our own society. They badly need the focus and explanation of events of the past 20 years which objective university study can provide. And they are almost wholly without preparation in the history of the non-Western world. Institutes will give them a detailed understanding of the meaning and threat of communism in recent history, and a perspective on events in Asia, Africa, and Latin America and their relation to our national purpose. It is planned to conduct a total of 51 summer institutes for 2,600 teachers of history.

#### 4. GEOGRAPHY

Effective teaching of geography in our schools is too rare. Few teachers have had the opportunity for more than a cursory understanding of the cultural im-



plications of terrain, climate, soil, water, and natural resources. Geography can be dramatically stimulating to children through a meaningful appreciation of their familiar local environment, the rich variety of the American setting, and the force of physical conditions in shaping human existence in such diverse countries as Japan, Mongolia, India, Egypt, Switzerland, and Norway. Teachers of geography will profit from advanced study at institutes, and our future citizens will be the ultimate beneficiaries. A total of 25 summer institutes for 1,128 teachers of geography is planned.

#### 5. CIVICS

Perhaps no subject in our schools is in greater need of improved teaching than that which is encompassed in the term "civics." The civics class should instruct the student in his immediate and previous rights and obligations as a citizen. But the scope of the civics course should include the development of an understanding of the American form of representative government, the goals which the United States is trying to achieve in the world, and the ways in which our pursuit of these goals bears upon international affairs. Federally supported institutes for teachers of civics will furnish the competence for instructing our youth in the crucial meaning of American citizenship in our modern world. A total of 25 summer institutes for 1,128 teachers of civics is planned.

#### 6. SCHOOL LIBRARIANS

Trained school librarians and school library supervisors are in critically short supply despite the obvious fact that well staffed school libraries are essential for every good school program. The Educational Policies Commission in its report, "Contemporary Issues in Elementary Education," states: "There should be a full-time and professionally trained librarian in charge of the elementary school library. When such a person is not available, services to children and the staff are diminished. Inexperienced or part-time personnel cannot adequately help children to locate appropriate materials. A collection of teaching material tends to deteriorate if it is not tended. A library without a librarian soon ceases to be a library." However, only one-third of our elementary and secondary schools have any school librarians at all and only one-sixth of the schools have school librarians working full time. Only 306 of the 40,286 school districts in the country have school library supervisors or coordinators. National standards recommended one school librarian for each 300 students. This would require over 136,000 school librarians. There are about 30,000 school librarians in service. This means that approximately 106,000 additional school librarians are needed to serve students and teachers adequately with library materials on all subjects and grade levels. A total of 25 summer institutes for 1,200 school librarians is planned.

#### 7. EDUCATIONAL MEDIA SPECIALISTS

The use of mechanical and electronic aids to teaching has been notably advanced since 1958 through the research, experimentation, and demonstration sponsored by title VII of NDEA and the matching Federal support of title III for the purchase and installation of equipment for teaching science, mathematics, and modern foreign languages in our schools. To illustrate, in 1958 just 64 secondary schools in the United States possessed electronic language laboratories. Largely through NDEA aid, by 1964 more than 6,000 secondary schools had such installations. The substantial investment in such equipment warrants an institute program for specialists in educational media to insure that educational hardware is utilized to optimum effectiveness. A total of 7 summer institutes for 298 educational media specialists is planned.

Summary

	Presently available	Revised estimate	Increase
Total.....	\$7,250,000	\$27,750,000	\$20,500,000
Modern foreign language institutes.....	7,071,000	7,250,000	179,000
78 summer institutes at an average cost of \$47,500.....	3,705,000		
80 summer institutes at an average cost of \$47,500.....		3,800,000	95,000
3 academic year institutes at an average cost of \$60,520.....	181,560	181,560	
3,471 stipends (summer) at \$840.....	2,915,640		
3,571 stipends (summer) at \$840.....		2,999,640	84,000
64 stipends (academic year) at \$4,200.....	268,800	268,800	
English institutes.....	(1)	8,490,000	8,490,000
115 summer institutes at an average cost of \$31,000.....		3,565,000	3,565,000
5,863 stipends (summer) at \$840.....		4,925,000	4,925,000
English-as-a-second-language institute.....	179,000	500,000	321,000
2 summer institutes at an average cost of \$47,500.....	95,000		
5 summer institutes at an average cost of \$58,000.....		290,000	195,000
100 stipends (summer) at \$840.....	84,000		
250 stipends (summer) at \$840.....		210,000	126,000
Remedial English institutes.....	(1)	1,998,000	1,998,000
27 summer institutes at an average cost of \$32,000.....		864,000	864,000
1,350 stipends (summer) at \$840.....		1,134,000	1,134,000
History institutes.....	(1)	3,765,000	3,765,000
51 summer institutes at an average cost of \$31,000.....		1,581,000	1,581,000
2,600 stipends (summer) at \$840.....		2,184,000	2,184,000
Geography institutes.....	(1)	1,748,000	1,748,000
25 summer institutes at an average cost of \$32,000.....		800,000	800,000
1,128 stipends (summer) at \$840.....		948,000	948,000
Civic institutes.....	(1)	1,748,000	1,748,000
25 summer institutes at an average cost of \$32,000.....		800,000	800,000
1,128 stipends (summer) at \$840.....		948,000	948,000
School librarians institutes.....	(1)	1,783,000	1,783,000
25 summer institutes at an average cost of \$31,000.....		775,000	775,000
1,200 stipends (summer) at \$840.....		1,008,000	1,008,000
Educational media institutes.....	(1)	468,000	468,000
7 summer institutes at an average cost of \$31,000.....		217,000	217,000
298 stipends (summer) at \$840.....		251,000	251,000

<sup>1</sup> None.

8. GRANTS TO STATES FOR STATISTICAL SERVICES

	Presently available	Revised estimate	Increase
41 Grants, subsidies, and contributions.....	\$2,100,000	\$3,000,000	+\$900,000

Section 1009 of the National Defense Education Act provides grants to State education agencies to improve the adequacy and reliability of educational statistics and the methods for collecting, processing, and disseminating such data. Amendments to the act provide allotments of \$50,000 to each State and \$25,000 each to the Canal Zone, Guam, American Samoa, and the Virgin Islands; plus a sum not in excess of the smaller of \$125,000 or 10 cents per school-age child. The requirement that Federal payments be limited to new or expanded programs has been eliminated. The reallocation of unused funds is also authorized.

With this broadened allotment base and the reallocation provision, it is an-

anticipated that an additional \$900,000 can be used effectively over and above the \$2,100,000 currently available for fiscal year 1965.

The additional funds will—

1. Increase educational data collection, analysis, and dissemination, and improve coordination within States;
2. Increase the educational data flow from local and State agencies to improve the adequacy of national statistics;
3. Expand needed State data processing facilities beyond present levels;
4. Intensify efforts to develop comparable statistical information including greater utilization of cooperatively developed handbooks of educational information; and
5. Provide additional statistical personnel and increase training of such persons.

NATIONAL DEFENSE EDUCATION ACT—SEC. 1009

*Grants to States for statistical services*

State or outlying part	1965 presently available	1965 revised estimate
Total.....	\$2,100,000	\$3,000,000
Alabama.....	50,000	56,032
Alaska.....	35,474	50,367
Arizona.....	50,000	52,350
Arkansas.....	18,550	53,181
California.....	47,568	74,836
Colorado.....	50,000	52,951
Connecticut.....	17,148	53,904
Delaware.....	50,000	50,722
Florida.....	50,000	57,645
Georgia.....	50,000	57,116
Hawaii.....	50,000	51,140
Idaho.....	14,660	51,245
Illinois.....	50,000	65,481
Indiana.....	24,990	57,754
Iowa.....	50,000	54,560
Kansas.....	31,841	53,523
Kentucky.....	50,000	55,349
Louisiana.....	50,000	55,986
Maine.....	41,493	51,612
Maryland.....	43,541	55,160
Massachusetts.....	50,000	57,781
Michigan.....	50,000	63,341
Minnesota.....	33,301	55,816
Mississippi.....	32,500	54,199
Missouri.....	15,379	56,661
Montana.....	50,000	51,189
Nebraska.....	24,875	52,278
Nevada.....	21,500	50,446
New Hampshire.....	38,692	50,968
New Jersey.....	50,000	59,173
New Mexico.....	37,867	51,831
New York.....	50,000	74,443
North Carolina.....	45,000	58,369
North Dakota.....	10,600	51,154
Ohio.....	50,000	65,883
Oklahoma.....	50,000	53,838
Oregon.....	43,000	52,985
Pennsylvania.....	50,000	67,616
Rhode Island.....	50,000	51,285
South Carolina.....	47,292	54,678
South Dakota.....	22,411	51,201
Tennessee.....	47,500	56,173
Texas.....	50,000	66,607
Utah.....	15,711	51,716
Vermont.....	8,305	50,660
Virginia.....	50,000	56,749
Washington.....	50,000	54,772
West Virginia.....	50,000	53,393
Wisconsin.....	49,104	56,596
Wyoming.....		50,583
American Samoa.....		25,052
Canal Zone.....		25,081
District of Columbia.....	25,000	50,949
Guam.....	40,318	25,126
Puerto Rico.....	44,880	55,428
Virgin Islands.....	21,500	25,066



## APPROPRIATION ESTIMATE

## "SALARIES AND EXPENSES"

"For an additional amount for 'Salaries and expenses,' \$1,000,000. Provided, That these funds shall be available only upon enactment of S. 3060 or similar legislation amending the National Defense Education Act of 1958."

## Amounts available for obligation

	1965 estimate	1965 revised estimate	Increase
Appropriation estimate.....	\$19,511,000	\$20,511,000	+\$1,000,000

## Obligations by activity

	1965 estimate		1965 revised estimate		Increase	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
1. Educational research and development.....	567	\$8,405,750	567	\$8,405,750		
2. International education.....	47	598,280	47	598,280		
3. Educational assistance programs.....	554	6,223,460	633	6,984,460	+79	+\$761,000
4. Higher education facilities construction.....	122	1,499,755	122	1,499,755		
5. Program direction and services.....	219	2,783,755	225	3,022,755	+6	+239,000
Total obligations.....	1,509	19,511,000	1,594	20,511,000	+85	+1,000,000

## Obligations by object

	1965 estimate	1965 revised estimate	Increase
Total number of permanent positions.....	1,509	1,594	+85
Full-time equivalent of all other employment.....	55	61	+6
Average number of all employees.....	1,416	1,470	+54
Number of employees at end of year:			
Permanent positions.....	1,392	1,468	+76
Other.....	142	148	+6
11 Personnel compensation:			
Permanent positions.....	\$12,527,050	\$12,860,500	+\$333,450
Positions other than permanent.....	536,620	655,050	+118,430
Other personnel compensation.....	53,430	55,990	+2,560
Total personnel compensation.....	13,117,100	13,571,540	+454,440
12 Personnel benefits.....	941,515	970,185	+28,670
21 Travel and transportation of persons.....	1,370,180	1,501,300	+131,120
22 Transportation of things.....	7,545	7,545	
23 Rent, communications, and utilities.....	551,850	617,230	+65,380
24 Printing and reproduction.....	678,625	706,445	+27,820
25 Other services.....	2,502,675	2,748,050	+245,375
26 Supplies and materials.....	134,255	142,855	+8,600
31 Equipment.....	207,255	245,850	+38,595
Total obligations.....	19,511,000	20,511,000	+1,000,000

## Summary of changes

	Positions	Amount
1965 estimate.....	1,509	\$19,511,000
1965 revised estimate.....	1,594	20,511,000
Total change.....	+85	+1,000,000
INCREASES		
Program increases:		
1. Educational assistance programs: For administration of National Defense Education Act amend- ments.....	79	761,000
2. Program direction and services:		
(a) To provide central direction and services under the National Defense Education Act amendments.....	6	39,000
(b) To make a study of the economic and administrative aspects of the school assistance laws.....		200,000
Total change requested.....	85	1,000,000

	1965 estimate	1965 revised estimate	Increase
Number of positions.....	1,509	1,594	+85
Total administration.....	\$19,511,000	\$20,511,000	+\$1,000,000

## JUSTIFICATION OF SUPPLEMENTAL ESTIMATE

The amendments to the National Defense Education Act authorize an expansion of all existing programs with the exception of title VII, educational media research. An increase of 85 positions and \$800,000 is requested for the additional workload involved in administering the program increase requested of \$74,400,000. In addition, an amount of \$200,000 has been included for a study of the economic and administrative aspects of the school assistance programs (Public Laws 815 and 874 as amended).

An explanation of the additional requirements by program area follows:

## STUDENT LOAN PROGRAM (TITLE II)

The expansion of the program to include eligibility to nonprofit technical institutes and 2-year business schools will increase the number of participating institutions by approximately 250 institutions who have hitherto had little or no experience in this type of loan fund operation. These schools will need considerable guidance and field liaison in the establishment and development of their loan programs. Also, these new types of schools and the expansion of eligibility to include part-time students will require development of new procedures, explanation of procedures to institutions, and drawing up new agreements with each institution. Most institutions will need guidance in carrying out the new provisions relating to part-time students. Three departmental positions are requested to provide direction in the new aspects of the program.

The increase in field staff requested constitutes four professional positions (GS-13), and a secretary (GS-5) to be distributed in four of the nine regional offices. Proper continuity and program support require at least one visit per year to each institution with a following visit being necessary in many cases. A representative can make 10 visits per month for 11 months or 110 visits per year. During fiscal year 1965 the staff of 13 representatives (including the 4 requested) will be able to visit 1,430 of the approximately 1,700 institutions expected to participate in the program.

The fiscal advisory and audit service will require the addition of one GS-11 auditor to absorb the additional workload resulting from the program expansion.

## GRANTS FOR EQUIPMENT (TITLE III)

At the present time there are no staff positions available to serve the title III program in English, remedial reading, history, geography, and civics. Therefore, it is proposed that one GS-14 and one GS-13 (specialists, program advisers) be added. The need for these positions to provide the professional direction to the preparation of materials necessary to make this program opera-

tional in the subject areas of English, remedial reading, geography, history, and civics is essential. It is necessary in program reviews and in other related advisory and consultant activities to the States to have staff personnel knowledgeable of instructional equipment and materials and how such items can most effectively be used in various instructional situations in order that the improvement of education can be effected in English, remedial reading, civics, geography, and history. The quantity and quality of services supplied to the States in the past relative to the development of title III State plans, and State programs for the improvement of instruction in science, mathematics, and modern foreign languages make it necessary to provide similar services in the added subject areas.

The services of one research assistant (GS-11), and one secretary (GS-5) are necessary to provide the supportative services for the two program advisers referred to above. One stenotypist (GS-4) for the branch director's office is essential in order to perform the additional secretarial services.

The branch also needs consultant services immediately in these new subject fields in order to make the program operational at the earliest possible moment. The services of one consultant in each of the fields of English, remedial reading, and geography, and one for the combined fields of history and civics are essential. Consultant services are also requested for the conduct of five regional conferences to implement the new program.

GRADUATE FELLOWSHIP PROGRAM (TITLE IV)

It is requested that present staff of the title IV program be expanded by 20 positions as follows :

Position	Grade	Number
Graduate program specialist.....	GS-14.....	1
Research specialist.....	GS-14.....	1
Specialists (graduate programs).....	GS-13.....	5
Research assistant.....	GS-11.....	1
Program assistant.....	GS-7.....	1
Secretary.....	GS-6.....	1
Secretaries.....	GS-5.....	2
Statistical clerk.....	GS-5.....	1
Secretaries.....	GS-4.....	2
Clerk-typists.....	GS-3.....	5
Total.....		20

The increase is needed because of (1) the additional program offering fellowships to 500 persons with 2 years of college teaching experience requiring entirely new procedures and a new explanation to clientele, and (2) 3,000 additional fellows. The two programs combined will have increased more than 200 percent during fiscal year 1965 as a first step in reaching the authorization of 10,000 new fellowships per year.

GRANTS TO STATES FOR COUNSELING AND GUIDANCE (TITLE V-A)

The broadening of the guidance, counseling, and testing programs, under the amended provisions of the National Defense Education Act, to include elementary schools, junior colleges, and technical institutes will require the following increases in the staff to handle increased workload and to provide the professional leadership and assistance which the State and local education agencies, and institutions of higher education will need to implement the act : 1 specialist, labor economics, GS-13; 1 program analyst (nonpublic school testing), GS-9; and 1 secretary-stenographer, GS-5.

The specialist in labor economics is needed to analyze and interpret the economic facts which have implications for educational and vocational decisions. The expanded purposes of the guidance and counseling programs under the act require that immediate steps be taken to develop materials, conduct workshops, and by all other possible means assist school counselors in bringing the facts about our occupational structure and trends to bear upon the career decisions of students. This specialist would assume major responsibility for this task and in addition would strengthen the cooperative relationships established with vocational education.



The extension of the testing program to elementary schools, junior colleges, and technical institutes will, by the most conservative estimates, increase the nonpublic school testing program about fourfold. During fiscal 1964, 4,170 applicants were sent to nonpublic secondary schools. A total of 136,000 students were tested in these schools. In the 39 States in which the Commissioner conducts testing under this program, there are approximately 10,677 eligible nonpublic elementary schools and 272 nonpublic junior colleges in addition to the more than 4,000 secondary schools to which applications must be sent (including preparation and duplication of materials) received, and processed. Also, the correspondence and reporting load will increase proportionately. Additions to the current staffing pattern of a program analyst (GS-9) and one secretary (GS-5) are essential to carry the increased load in this program and to support the specialists above.

In addition two resource consultants will be utilized in the interpretation of the act, regulations, and program guides to State educational agencies in the implementation of this title of the act. Also, three consultants will be required to develop professional materials relative to the expanded areas of the act.

#### GRANTS TO STATES (TITLE III AND V-A)

The new legislation more than doubles the number of areas for which statistical and financial data must be collected, recorded, and analyzed. The number of grade levels will be more than doubled. This additional workload for the Financial and Statistical Operations Section for fiscal year 1965 will require an additional position, GS-9, reports analyst.

#### GUIDANCE AND COUNSELING INSTITUTES (TITLE V-B)

A total of 25 institutes will be expanded for the new clientele as follows: 5 institutes established for elementary personnel and 20 summer institutes established to include higher education personnel.

Three additional positions (program specialist, GS-13 fiscal assistant, GS-7, and one secretary) are requested because of the workload involved in this expanded program and the new types of clientele to be served. This workload involves contracting for the institutes, developing program guidelines, identifying prospective institutions, and negotiating contracts.

#### LANGUAGE DEVELOPMENT (TITLE VI-A)

The language development program will be expanded from \$8 million to \$13 million and staff is requested for the additional workload as follows:

Language and area specialist, GS-13-----	1
Language research specialist, GS-13-----	1
Assistant specialist, GS-12-----	1
Fiscal, GS-9-----	1
Research assistant, GS-7-----	1
Secretaries, GS-4-----	2

An additional \$750,000 for research contracts will increase the time spent on negotiating and administering the contracts and disseminating the data. Contracts in support of the present 55 centers will be amended to provide additional support. Five additional summer programs will be arranged. Ten more language and area centers and 62 new undergraduate centers will be developed and contracted. Expansion of the program to the undergraduate level will require the development of new policy statements, brochures, procedures, etc.

The fellowship workload will increase by 485 language fellowships, 15 post-doctoral awards, and 105 undergraduate summer stipends. This represents an increase in workload of over 50 percent in this program.

In addition, consultant services will be needed as follows: 12 for program planning; 10 to review applications for fellowships; and 15 to review center proposals.

#### INSTITUTES FOR CRITICAL SUBJECTS (TITLE VI-B)

Additional staff is needed because of a fourfold increase in the number of institutes (approximately 300) and the addition of 8 new types of institutes which will require specialists with new competence and knowledge in each field

to develop new criteria, procedures, and materials for participation and to provide consultation to institutions seeking to develop proposals.

The positions requested include :

Position	Grade	Number
Specialists, English.....	GS-14.....	2
History specialist.....	GS-14.....	1
Civics specialist.....	GS-13.....	1
History specialist.....	GS-13.....	1
Geography specialist.....	GS-13.....	1
Specialist, remedial reading.....	GS-13.....	1
Specialist, library.....	GS-13.....	1
Specialist, English as a second language.....	GS-13.....	1
Educational media specialist.....	GS-11.....	1
Research assistants.....	GS-11.....	2
Fiscal assistant.....	GS-9.....	1
Research assistants.....	GS-9.....	2
Fiscal analyst.....	GS-7.....	1
Secretaries.....	GS-5.....	3
Secretaries.....	GS-4.....	7
Total.....		26

In addition, the services of consultants will be necessary to evaluate institute proposals as follows :

History, geography and civics.....	24
English, English as a second language, and remedial reading.....	36
Educational media.....	5
Librarian.....	10

#### ADMINISTRATIVE SERVICES

Eleven additional positions are needed for administrative, budgetary, fiscal, and editorial services at the bureau and office levels because of the expanded program areas and the increased volume of fiscal and budgetary transactions resulting from increases in institute, fellowship, and research grants and contracts.

These positions are as follows :

Position	Grade	Number
Information officer.....	GS-13.....	1
Editor.....	GS-11.....	1
Administrative assistant.....	GS-11.....	1
Budget analyst.....	GS-11.....	1
Writer-editor.....	GS-11.....	1
Placement officer.....	GS-9.....	1
Forms analyst.....	GS-9.....	1
Accounting technician.....	GS-7.....	2
Accounts maintenance clerk.....	GS-5.....	1
Secretary.....	GS-4.....	1
Total.....		11

Of the 11 positions requested, 6 will be located organizationally at the Bureau level and 5 in program direction and services.

#### SPECIAL REQUIREMENTS

Over and above the normal expenses related to the new staff, an amount of \$21,000 is included in the estimate for machine tabulation of fellowship data made necessary by the expansion of the fellowship programs; and an amount of \$26,520 for conferences related to program planning of institute programs in eight new areas.

Also included is \$189,500 for consultant services (including travel) distributed as follows :

	Personal services			Travel	Total
	Number of days	Rate per day	Amount		
Title III grants for equipment.....	340	\$65	\$22,100	\$13,260	\$35,360
Title IV graduate fellowship program.....	468	65	30,420	18,255	48,675
Title V-A grants to States for counseling and guidance.....	330	65	21,450	12,870	34,320
Title III and V-A grant and loan management grants to States.....	60	65	3,900	2,340	6,240
Title V-B guidance and counseling institutes.....	160	65	10,400	6,245	16,645
Title VI-A language development.....	119	65	7,735	4,645	12,380
Title VI-B institutes for critical subjects.....	345	65	22,425	13,455	35,880
Total.....			118,430	71,070	189,500

#### COMPREHENSIVE STUDY OF THE OPERATION OF PUBLIC LAWS 815 AND 874

Included in the estimate is \$200,000 to carry out the provision of S. 3060. This bill authorizes the Commissioner of Education to conduct a comprehensive survey of the administration and operation of Public Laws 815 and 874 and to submit his recommendations concerning these programs to the Secretary of Health, Education, and Welfare for transmission to the Congress by June 30, 1965.

Financial assistance to federally affected school districts for purposes of construction and maintenance and operation was first authorized in 1950 on a temporary basis because it was not known how long the program would be needed or whether the assistance as authorized would serve the purpose intended. The program has been amended and extended on numerous occasions. In 1958 those provisions authorizing payments to children whose parents both live and work on Federal property were authorized on a permanent basis.

Throughout this decade and a half, however, there has not been any thoroughgoing, comprehensive appraisal of the needs which these programs were designed to meet and of how effectively the various provisions of the laws actually operate to meet these needs. This fact is recognized by the inclusion of an authorization for a major analysis of the administration of these programs in S. 3060.

The \$200,000 requested will cover a study of all aspects of the operation of Public Laws 815 and 874. The major portion of the study would be an assessment of the economic impact of Federal activities on local communities, since the underlying rationale of these programs is to provide Federal assistance to compensate for the economic burden supposedly placed on such communities by the establishment of Federal installations. Examples of the questions or operation of Federal projects to be explored in this aspect of the study are—

1. What is the effect of establishment of Federal activities or the acquisition of property by Federal Government on local income and wealth as well as on local revenues and Government expenditures?
2. Are these effects continuing or short range in nature?
3. Does the impact vary depending upon the type of installation or activity?
4. What is the economic impact in the school districts within which the Federal installation is located as contrasted with the impact in other school districts in the same general area?

The data accumulated and the analyses undertaken to provide answers to questions such as these should be an aid to the executive branch and the Congress in determining what changes, if any, should be made in the authorizing legislation and in the operation of these programs.

Tentative planning indicates that the bulk of the \$200,000 requested would be used to enter into contracts with non-Federal agencies to conduct various aspects of the study. Other costs which might be met from the funds requested are tabulating costs of data presently available in the Office of Education and other Federal agencies, and expenses of consultants.



*New positions requested: Supplemental estimate, fiscal year 1965*

	Grade	Annual rate
<b>Student loan program (title II):</b>		
Program specialist.....	GS-13.....	\$11,731
Fiscal analyst.....	GS-7.....	5,803
Secretary.....	GS-5.....	4,701
Total (3).....		22,235
<b>Field operations:</b>		
Regional representative (4).....	GS-13.....	46,924
Auditor (1).....	GS-11.....	8,424
Secretary.....	GS-5.....	4,701
Total (6).....		60,049
<b>Grants for equipment (title III):</b>		
Special program adviser (1).....	GS-14.....	13,624
Special program adviser.....	GS-13.....	11,731
Research assistant.....	GS-11.....	8,424
Secretary (1).....	GS-5.....	4,701
Secretary.....	GS-4.....	4,222
Total (5).....		42,702
<b>Graduate fellowships (title IV):</b>		
Graduate program specialist.....	GS-14.....	13,624
Research specialist.....	GS-14.....	13,624
Specialist (graduate programs) (5).....	GS-13.....	58,655
Research assistant.....	GS-11.....	8,424
Program assistant.....	GS-7.....	5,803
Secretary.....	GS-6.....	5,242
Secretary (2).....	GS-5.....	9,402
Statistical clerk.....	GS-5.....	4,701
Secretary (2).....	GS-4.....	8,444
Clerk-typist (5).....	GS-3.....	19,450
Total (20).....		147,369
<b>Grants to States for counseling and guidance (title V-A):</b>		
Specialist, labor economics.....	GS-13.....	11,731
Program analyst (nonpublic school testing).....	GS-9.....	7,030
Secretary-stenographer (1).....	GS-5.....	4,701
Total (3).....		23,462
<b>Grant and loan management (titles III and V-A grants to States): Reports analyst.....</b>		
	GS-9.....	7,030
<b>Guidance and counseling institutes (title V-B):</b>		
Program specialist.....	GS-13.....	11,731
Fiscal assistant.....	GS-7.....	5,803
Secretary (1).....	GS-5.....	4,701
Total (3).....		22,235
<b>Language development (title VI-A):</b>		
Language and area specialist.....	GS-13.....	11,731
Language research specialist.....	GS-13.....	11,731
Assistant specialist.....	GS-12.....	9,984
Fiscal assistant.....	DS-9.....	7,030
Research assistant.....	GS-7.....	5,803
Secretary (2).....	GS-4.....	8,444
Total (7).....		54,723
<b>Institutes for critical subjects (title VI-B):</b>		
English specialist (2).....	GS-14.....	27,248
History specialist.....	GS-14.....	13,624
Civics specialist.....	GS-13.....	11,731
History specialist.....	GS-13.....	11,731
Geography specialist.....	GS-13.....	11,731
Specialist, remedial reading.....	GS-13.....	11,731
Library specialist.....	GS-13.....	11,731
Specialist English (2d language).....	GS-13.....	11,731
Educational media specialist.....	GS-11.....	8,424
Research assistant (2).....	GS-11.....	16,848
Fiscal assistant.....	GS-9.....	7,030
Research assistant (2).....	GS-9.....	14,060
Fiscal analyst.....	GS-7.....	5,803
Secretary (3).....	GS-5.....	14,103
Secretary (7).....	GS-4.....	29,554
Total (26).....		207,080

*New positions requested: Supplemental estimate, fiscal year 1965—Continued*

	Grade	Annual rate
Administrative services:		
Information officer.....	GS-13.....	\$11,731
Editor.....	GS-11.....	8,424
Administrative assistant.....	GS-11.....	8,424
Budget analyst.....	GS-11.....	8,424
Writer-editor.....	GS-11.....	8,424
Placement officer.....	GS-9.....	7,030
Forms analyst.....	GS-9.....	7,030
Accounting technician (2).....	GS-7.....	11,606
Accounts maintenance clerk.....	GS-5.....	4,701
Secretary.....	GS-4.....	4,222
Total (11).....	.....	80,016
Total, all activities (85).....	.....	666,901

STATEMENT OF COMMISSIONER OF EDUCATION KEPPEL

AMENDMENTS TO NATIONAL DEFENSE EDUCATION ACT

Mr. KEPPEL. Thank you, Senator.

The amendments to the National Defense Education Act that were passed by the Senate would have the estimated effect of adding \$74,400,000 to the estimate of \$287,890,000 in the regular appropriation bill for this amount.

These additional funds are needed to carry out what I believe, sir, to be the very constructive amendments which have been passed by the Senate in S. 3060, and are now——

Excuse me, sir. When this was prepared, it was said to be pending. It passed yesterday, Senator Ellender, with amendments which change it from the Senate version.

Senator ELLENDER. Will you tell us now, if you don't have it in your statement, what those changes are?

Mr. KEPPEL. Yes. I have a summary of them here. If it is convenient, I can do it as I go along.

Senator ELLENDER. All right. I don't want to anticipate you.

Mr. KEPPEL. Perhaps it would make it simpler if the Senator could have a copy of this.

NATIONAL DEFENSE STUDENT LOAN PROGRAM

The first item in this appropriation we are bringing to your attention, Senator, is the national defense student loan program, increasing the total amount of loan funds to be made available for students to go through college. That is, as you will see on the table, on the left-hand side, the House bill as passed yesterday cuts the extension of the act compared to the Senate version from 3 years to 2.

Now, the yearly authorizations change, sir, and you would leave out 1968.

So in the first category of national defense, there is the effect of only the change in cutting back a year on the extension.

Senator ELLENDER. And increasing the amount?

Mr. KEPPEL. The authorizations differ in amount.

The second category—there is some difference in language, Mr. Chairman, between the House and Senate versions about special con-

sideration. Not substantial, and it would not affect the budget, as we understand it.

This is then covered on the first sheet of this comparative table.

#### TITLE III. INSTRUCTIONAL EQUIPMENT

On the second sheet, sir, you will notice the reference to title III, which is the instructional equipment title.

Now, there is quite a considerable change I think between the House and the Senate version as to the type of equipment that can be purchased under these categories.

If you will look on the right, sir, directly under the words "Title III," the Senate version you will notice was expanded to include English, remedial reading, history, geography, civics.

The House version on the left-hand side, uses English as a second language, and does not increase the authorization.

Therefore, my formal testimony requests an additional \$8.8 million which would not be appropriated if the House version were ultimately to carry.

#### NATIONAL DEFENSE FELLOWSHIPS

Under title IV, sir, which has to do with national defense fellowships, those are the fellowships for men and women who plan an academic career leading to a Ph. D.

The difference between the Senate and the House version is a difference in number. You will notice on the right, under title IV, that the Senate version refers to an expansion to 5,000 in fiscal year 1965, 7,500 in 1966, 10,000 in 1967, and 1968. The House version is lower than that, 3,000 in fiscal 1965, 5,000 in 1966. It is a slower rate of expansion. That would affect the figures.

#### PRESENTATION OF STATEMENT

My formal testimony, which, if the chairman will permit, I would like to enter for the record, is based on the Senate figures. They would be appropriately reduced if ultimately the changes were made.

(The statements referred to follow:)

#### STATEMENTS BY COMMISSIONER OF EDUCATION

##### NATIONAL DEFENSE EDUCATION ACT AMENDMENTS OF 1964

Pending amendments to the National Defense Education Act will modify the programs in existence under each of the titles which are administered by the Office of Education with the exception of title VIII which deals with area vocational schools under the vocational education programs.

The estimated effect of these amendments is to call for the appropriation of \$74,400,000 to be added to the estimate of \$287,890,000 in the regular appropriation bill. These additional funds are urgently needed to carry out the very constructive amendments which have been passed by the Senate in S. 3060 and are now through the House of Representatives. I wish to assure the committee that the funds can be effectively used in fiscal year 1965 to carry out the changes which are incorporated in the amendments.

I will enumerate the changes briefly and refer the committee to the detailed justifications which have been prepared for this purpose:

##### NATIONAL DEFENSE STUDENT LOAN PROGRAM

1. The amendments which have been provided in S. 3060 add \$10 million to the authorization for capital contributions to student loan programs, thus re-



vising the total authorized amount from \$135 to \$145 million. An additional amount of \$300,000 is required to provide for Federal loans to those institutions which lack sufficient funds to provide the one-ninth matching required for participation in the program. The main changes incorporated by the amendment are (a) to permit students who are part-time students to receive a loan, (b) to remove the \$800,000 limit to be paid to any one institution, (c) to bring business schools and technical institutions into the program, and (d) to increase the allowance for graduate student borrowers. We are confident that the agreements with the institutions can be rapidly revised as necessary to incorporate these changes and to make use of the additional loan funds this fiscal year.

#### ACQUISITION OF EQUIPMENT AND MINOR REMODELING

2. An additional sum of \$8.8 million is requested for grants to States to provide additional funds to carry out the amended provisions of title III of the National Defense Education Act which authorize the introduction of additional subjects in the equipment acquisition program, such as, English, history, geography, civics, and remedial reading. We have requested one-half of the additional amount authorized in the amendments for appropriation in fiscal year 1965 in anticipation that the changes authorized by the amendments will be fully implemented by the States and school systems in fiscal year 1966, but that part of the additional funds will be needed in the current year.

#### GRANTS TO STATES FOR SUPERVISION AND ADMINISTRATION

3. We are requesting \$1.2 million for this activity in accordance with the amendment which increases the authorization for this activity from \$5 to \$10 million. In this instance, we do not believe that the full amount of the authorization can be effectively used by the States during fiscal year 1965 and, therefore, we are requesting only a part of the authorized increase.

#### NATIONAL DEFENSE FELLOWSHIPS

4. The amendments provided by S. 3060 will greatly expand the authority of the Office of Education to provide fellowships for graduate students preparing to continue their higher education and who in turn will aid in meeting the requirements of higher education for college teachers in the years ahead. Funds are requested to provide for 3,000 additional fellows at the first-year level, to provide 500 additional fellowships to persons with 2 years of college teaching experience, and to provide stipends for summer study by approximately 3,500 fellows in existing programs. The total requirements for these additional fellowships amount to \$22,700,000 during fiscal year 1965. Since the institutions will submit programs during the current fiscal year for training which will take place in the following academic year, there is every reason to believe that the funds can be effectively used during fiscal year 1965.

#### GUIDANCE, COUNSELING, AND TESTING

##### *Grants to States*

5. An additional amount of \$3 million is requested during fiscal year 1965 to carry out the provisions of the bill which would broaden the guidance and counseling programs to elementary students and to students in public junior colleges and technical institutes; the student testing program provided by title V would also be broadened to these additional areas. The requested funds of \$3 million is less than the full additional authorized (\$7.5 million) in the belief that the program can be broadened for only part of the fiscal year through the revision of State plans and that the full effect of the amendments can be carried out during fiscal year 1966.

#### INSTITUTES FOR COUNSELING PERSONNEL

6. The amendments in the bill provide that the authorization for counseling and guidance institutes will be increased from \$7,250,000 to \$10 million during the current fiscal year and the 3 succeeding fiscal years. We are requesting in this supplemental the sum of \$2 million which compares with the additional authorization of \$2,750,000. We believe that these additional funds can be effectively used for institute programs to be approved in fiscal year 1965 for training which will take place during fiscal year 1966.

## LANGUAGE DEVELOPMENT—CENTERS AND RESEARCH

7. Under this authority we are requesting the additional sum of \$5 million to permit the expansion of language and area centers now in operation, and to approve additional centers particularly at the undergraduate level. The amendments contemplate an expansion of the present program authorized at \$8 million to the level of \$13 million for the fiscal year 1965. Again, we believe there will be every opportunity to make effective use of these funds.

## INSTITUTES IN CRITICAL SUBJECTS

8. The amendments provide a significant expansion in the operation of institutes of higher education institutions and increase the authorization now contained in title VI of the National Defense Education Act from \$7,250,000 to \$30 million, effective with fiscal year 1965 and for the 3 succeeding fiscal years. We are requesting approval in this budget for the sum of \$20.5 million to carry out the broadened authorization. The broadened subject matter of the National Defense Education Act institute authority in title VI permits the approval of institute programs for teachers or persons preparing to teach the subjects of history, civics, geography, modern foreign languages, English, or remedial reading in elementary or secondary schools. Previously, the National Defense Education Act had permitted such institutes only in the field of modern foreign language.

## STATE STATISTICAL SERVICES

9. The amendments authorized increase payments to the States for the improvement of State statistical services. The limitation of \$50,000 to be paid to any single State has been removed and the formula permits the payment of sums up to \$125,000 or the school-age population multiplied by 10 cents, whichever is smaller. This revised formula will authorize the payment of approximately \$6 million to the States. The sum of \$900,000 is requested to cover the estimated requirements for the States for the remainder of fiscal year 1965 which will bring to \$3 million for this activity during the current year. It is anticipated that additional amounts can be effectively used by the States in future years.

In summary, we estimate that the amendments to the National Defense Education Act during fiscal year 1965 will require the appropriation of \$74,400,000 and that this additional sum can be effectively used by the States and the educational institutions to carry out the purposes of the act during the current year. The total funds available under this revised request for the National Defense Education Act for fiscal year 1965 will amount to \$362,290,000.

I respectfully urge favorable consideration of this request by the committee.

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SALARIES AND EXPENSES, OFFICE OF EDUCATION

Mr. Chairman and members of the committee, we are requesting the Congress to appropriate an additional sum of \$1 million to carry out the amendments to the National Defense Education Act and the extension of the programs for school assistance in federally affected areas as provided in S. 3060 passed by the Senate and pending before the House of Representatives.

The additional sum of \$1 million consists of \$800,000 which is required to finance 85 additional positions in the Office of Education, and \$200,000 to cover the contract and consultant costs of a study of the programs for school assistance in federally affected areas.

The additional positions which have been requested may be summarized as follows:

1. Nine additional positions to implement the amended provisions of the national defense student loan program including staff needed for field operations.

2. Five additional positions to carry out the amendments to the broadened authorization for equipment acquisition and State supervision of instruction under title III of the act.

3. Twenty additional positions for the administration of amendments to the graduate fellowship program authorized by title IV.

4. Seven additional positions for the administration of amendments to counseling and guidance provisions (title V) of the National Defense Education Act.

5. Seven additional positions for the administration of the broadened author-

ity of title VI of the National Defense Education Act providing for language development and area centers.

6. Twenty-six additional positions to implement the new program for institutes in the subject matter fields of history, civics, geography, English, and remedial reading.

7. Eleven positions to provide for various administrative and overhead services.

The additional funds which are associated with the 85 additional positions requested amount to \$800,000. This represents slightly more than 1 percent of the program funds that will be administered under the companion estimate to carry out the provisions of the National Defense Education Act amendments.

#### STUDY OF PROGRAM FOR SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS

A sum of \$200,000 is requested to carry out a provision included in the Senate bill which calls for a comprehensive study of the operation of the two laws (Public Laws 815 and 874) which provide for school assistance in federally affected areas. This report must be submitted by the Congress on or before June 30, 1965, and is to include recommendations for amendments to the present laws. The study will be done primarily through the use of contracts with research organizations and by consultants hired on temporary basis.

I will be happy to answer any questions of the committee.

#### CONFERENCE ON NATIONAL DEFENSE EDUCATION ACT BILLS

##### HOUSE BILL

(H.R. 11904, sponsored by Congresswoman Edith Green of Oregon)  
Two-year extension of entire act.

##### SENATE BILL

(S. 3060, sponsored by Senator Wayne Morse of Oregon)  
Three-year extension.

#### TITLE II

Increases authorizations to \$163.3 million in fiscal year 1965, \$179.3 million in 1966, \$200 million in 1967, and includes schools of nursing.

Removes institutional ceiling of \$800,000.

Loans are extended to accredited post-secondary business schools and technical institutions, public and nonprofit private.

Eliminates special consideration for prospective elementary school teachers and for specialists in science, math, engineering, languages. Replaces with provision giving priority to "students with superior academic background."

Increases yearly limit on loans to graduate and professional students from \$1,000 to \$2,500; increases aggregate limit from \$5,000 to \$10,000.

Extends moratorium on loan repayments to part-time students.

Extends "forgiveness" to teachers in nonprofit private elementary and secondary schools and institutions of higher education.

Increases authorizations to \$145 million in fiscal year 1965, \$165 million in 1966, \$180 million in 1967, \$195 million in 1968; does not include schools of nursing.

Same.

Same.

Special consideration for teachers remains as presently in law; adds special consideration for students of "superior academic background" and deletes special consideration for students with "superior capacity or preparation in science, math, engineering or a modern foreign language."

Same.

Same.

Same.

#### TITLE III

Expanded to include reading, English, as a second language; no increase in authorization. Minimum yearly allotment to each State increased to \$50,000. Subjects that may use maps and globes.

Expanded to include English, remedial reading, history, geography, civics; authorization increased to \$90 million for acquisition of equipment, \$10 million for supervision. Minimum yearly allotment to each State increased to \$50,000.



## TITLE IV

## HOUSE BILL

## SENATE BILL

Increases maximum number of fellowships to 3,000 in fiscal year 1965, 5,000 in 1966, and 6,500 in 1967. In fiscal year 1965, 1,500 of the fellowships and not less than one-third of the fellowships in fiscal years 1966 and 1967 must be in "new or expanded" study programs.

Fellowship stipends adjusted for full calendar year study and awards permitted to students other than those who have just completed baccalaureate degrees.

No provision.

Expansion is to 5,000 in fiscal year 1965, 7,500 in 1966, and 10,000 in 1967 and 1968.

Same.

Stipends for college or university teachers with 2 or more years of teaching experience may be up to \$4,800 plus \$400 per dependent.

## TITLE V

Increases authorizations for part A to \$23.5 million in fiscal year 1965, \$23.5 million in 1966, and \$28.5 million in 1967.

Extends program to elementary schools only.

No separate institute authority.

Authorizations increased to \$25 million in fiscal year 1965, \$25.5 million in 1966, and \$32.5 million in 1967.

Same, plus public junior colleges and public technical institutes.

Counseling and guidance institutes are retained as in title V-B with the authorization increased to \$10 million annually.

## TITLE VI

Authorizations for language development program (VI-A) increased to \$13 million in fiscal year 1965, \$14 million in 1966, \$16 million in 1967.

Part B. Repealed and included in new title XI.

Same, plus authorization of \$18 million for fiscal year 1968.

Institutes for teachers of remedial reading, civics, history, geography, English, and for educational media specialists and school librarians are added. Authorization for these is \$30 million annually.

## TITLE X

No provision.

Statistical services of State education agencies are expanded in line with the provisions of title III, part E, of S. 580.

## TITLE XI

New institute title added authorizing \$30 million for each fiscal year 1965, 1966, 1967 for institutes to train counseling and guidance personnel, and teachers or supervisors (or student teachers or supervisors) of modern foreign language, reading, English as a second language, or of disadvantaged youth, or school library personnel or supervisors of library personnel, in elementary or secondary schools. Stipends and allowances authorized for any person attending an institute.

No institute title. Similar provisions are, however, included under titles V-B and VI-B.

## OTHER PROVISIONS

## HOUSE BILL

Extends the impact laws for 1 year. Includes the study, excludes District of Columbia.

## SENATE BILL

Extends the impact laws for 1 year, legislation (Public Law 815-874) for 2 years and directs a study of the effect of these laws. Includes District of Columbia in this program.

## DEFENSE EDUCATIONAL ACTIVITIES

Senator ELLENDER. We will get all of that before we mark up the bill, I am sure.

Mr. KEPPEL. Yes, we can provide that for the record, of course. (The information referred to follows:)

Supplemental budget estimate based on H.R. 11904, fiscal year 1965

	Authorized by S. 3060	Authorized by H.R. 11904	Presently available	Revised estimate based on H.R. 11904	Increase based on H.R. 11904	Supplemental estimate, Senate bill	Supplemental estimate, House bill
1. Student loans:	\$145,000,000	\$163,300,000	\$135,000,000	\$145,000,000	\$10,000,000	\$10,000,000	\$10,000,000
(a) Contributions to loan funds.....	(1)	(1)	1,000,000	1,300,000	300,000	300,000	300,000
(b) Loans to educational institutions.....	(2)	(2)	4,000,000	4,000,000			
(c) Cancellation of student loans.....			22,790,000	32,740,000	9,950,000	1,200,000	1,200,000
2. Instructional assistance:			17,500,000	20,500,000	3,000,000	3,000,000	3,000,000
(a) Acquisition of equipment and minor remodeling:			(3)	(3)	(3)	2,000,000	2,000,000
(1) Grants to States.....	79,200,000	61,600,000	61,600,000	61,600,000		8,800,000	8,800,000
(2) Loans to nonprofit private schools.....	10,800,000	1,000,000	1,000,000	1,000,000			
(b) Grants to States for supervision and administration.....	10,000,000	5,400,000	4,000,000	4,000,000		1,200,000	1,200,000
3. National defense fellowships.....	47,517,000	32,740,000	22,790,000	32,740,000	9,950,000	22,700,000	9,950,000
4. Guidance, counseling, and testing:							
(a) Grants to States.....	25,000,000	23,500,000	17,500,000	20,500,000	3,000,000	3,000,000	3,000,000
(b) Institutes for counseling personnel.....	10,000,000	(3)	(3)	(3)	(3)	2,000,000	2,000,000
5. Advanced training:							
(a) Language and area centers.....	13,000,000	13,000,000	6,200,000	10,450,000	4,250,000	4,250,000	4,250,000
(b) Research.....	30,000,000	35,000,000	1,800,000	2,550,000	750,000	750,000	750,000
(c) Institutes.....	30,000,000	35,000,000	14,500,000	35,000,000	20,500,000	20,500,000	20,500,000
6. Educational media research.....	5,000,000	5,000,000	5,000,000	5,000,000			
7. Grants to States for area vocational programs.....	15,000,000	15,000,000	15,000,000	15,000,000		900,000	900,000
8. Grants to States for statistical services.....	(5)	(5)	2,100,000	2,100,000			
9. Institutes.....							
Total.....	390,517,000	362,540,000	287,890,000	336,640,000	48,750,000	74,400,000	48,750,000

1. A. Additional \$25,000,000 authorized from fiscal year 1959 through duration of act to make loans to institutions for non-Federal share of capital contributions.  
 B. Amounts authorized as necessary for cancellation of student loans.  
 2. H.R. 11904 combines all institutes into a new title with 3 total authorization of \$35,000,000 for fiscal year 1965. Currently available are \$7,250,000 for institutes for counseling personnel and \$7,250,000 for foreign language institutes. S. 3060 authorizes \$50,000,000 for foreign languages and the critical subject matter areas.

4. House bill combines all institutes into a new title.  
 5. \$50,000 to each State and \$25,000 each to the Canal Zone, Guam, American Samoa, and Virgin Islands; plus a sum not in excess of the smaller of \$125,000 or 10 cents per school-age child.  
 6. Not to exceed \$50,000 per State.



## SALARIES AND EXPENSES

## HOUSE AND SENATE FIGURES UNDER CONSIDERATION

*Salaries and expenses, fiscal year 1965*

	Supplemental estimate Senate bill		Supplemental estimate House bill	
	Positions	Amount	Positions	Amount
Educational assistance programs.....	79	\$761,000	59	\$537,300
Program direction and services.....	6	39,000	5	32,700
Study of the economic and administration aspects of the school assistance laws.		200,000		200,000
Total.....	58	1,000,000	64	770,000

Mr. KELLY. Could I make a comment?

We testified on this yesterday. The item was sent up in order that the President could get this before you before the Congress adjourned, and it could be acted on concurrently with the substantive legislation.

It was sent up in anticipation that the Senate bill would be adopted by the House. This did not occur. On the floor the changes were made. The House yesterday asked that we submit a table of the amounts that would be involved in these changes.

Senator ELLENDER. In case the Senate bill were adopted?

Mr. KELLY. In case the House bill were adopted.

So they will actually have before them both figures.

Now, it seems logical to assume that the House Appropriations Committee could not recommend to their body figures which exceeded the authorization bill enacted by their body. However, the substantive legislation will go to Congress with the Senate figures in it, and the House figures.

We do not know yet what the outcome will be. Hopefully, they will be the Senate figures, because this reasonably corresponds with the administration's proposal.

## RESOLUTION POSSIBLE IN CONFERENCE

So if it is not presumptive, we might suggest to you that if the Senate appropriation bill could reflect the Senate version of the bill, and the House reflect the House version of the bill, then in conference you could arrive at the same figures that were arrived at in the conference on the substantive legislation. At this time it seems like the only really—

Senator ELLENDER. I don't happen to be on that conference.

## TITLE V—GUIDANCE AND COUNSELING TRAINING

Mr. KEPPEL. To go on, Mr. Chairman, title V of the National Defense Education Act, which has to do with guidance and counseling training, I think it is fair to state it is substantially the same although there are differences in wording.

From the fiscal point of view they are substantially the same.

## TITLE VI—LANGUAGE DEVELOPMENT

Carrying on to the third page of this comparison, title VI, which has to do with language development, would be I think exactly the same. There is a difference in the form of the House bill with regard

to the way in which institutes for teachers are handled. It is a question of which title is which.

In that category, that is, institutes for teachers, in what have been critical subjects, mathematics, sciences, foreign languages, the Senate version, which you won't be surprised that I am enthusiastic about, extends that to history and English and the basic academic subjects. The House version extends it only to English as a second language.

Mr. HUGHES. The House bill does combine in a new title XI the institute authority, sir, that is now carried in title V of the bill for counseling and guidance.

#### HOUSE AUTHORIZATION OF TITLE VI

The result of this combination is to make the Senate authorization somewhat higher than the House. However, it so happens that the dollar amount that we have submitted for the title VI program, which is \$20,500,000, is consistent with the new House authorization, and there is a net reduction of \$2 million, which occurs because of the merger of the titles V and VI institute authority in the House bill.

So there is a net reduction of \$2 million in institutes as a result of this change.

#### TITLE X—AID TO STATES FOR STATISTICAL SERVICES

Mr. KEPPEL. Finally, the one I think I should bring to your attention, Mr. Chairman, is title X, which has to do with the aid to the State departments of education for their statistical services, one of the most successful parts of this program over the last 4 or 5 years, incidentally.

The Senate version differs from the House. The difference between them would amount to—

Mr. HUGHES. \$900,000 is the amount.

The House bill does not modify the provision, as does the Senate bill. There would be no increase based on the House bill.

#### IMPACTED AREA PROGRAM EXTENDED

Mr. KEPPEL. Finally, sir, in another category, the Senate bill—well, the Senate bill extends the federally impacted area program, Public Law 815 and Public Law 874, for 1 year.

This would not change the dollar amount, but just the length of the authorization.

Those, sir, are the differences that would be involved in the programs.

I might add my personal view, sir, that the National Defense Education Act has made a very great contribution to the raising of the quality of education across the country. I can barely find the words to say how important I find this to be.

Senator ELLENDER. I supported it from its inception. I am very much in favor of it.

I would like to ask a few questions, Mr. Chairman, as to particularly the loan program.

Mr. KEPPEL. Yes.

#### NUMBER OF STUDENTS AIDED IN LOAN PROGRAM

Senator ELLENDER. Since the inception of this program, do you have the number of students that you have serviced?

Mr. KEPPEL. Yes, we have the figures. We will be delighted to put them in the record.

Senator ELLENDER. And the results, how many have fallen out?

Mr. KEPPEL. Yes. We certainly have the total figures.

We are just beginning to get the repayment figures.

I am sorry. I probably jumped ahead.

Senator ELLENDER. You jumped ahead.

What I would like to see is the general program progress, to show how many you have loaned, how many have abandoned their plans, how much will be due by those.

Mr. KEPPEL. We will be delighted to, sir. We are watching it, as you can imagine, with great care. These are under very great demand in the colleges.

Senator ELLENDER. There is not a day that passes, and I suppose it is the same for Arizona, that I don't get inquiries from my State asking not only for this, but ways and means that they could receive assistance, and I usually refer them to this program.

#### EFFECT OF CHANGE IN LIMITATION

If you could give that in totals, and then I notice here that there is a change in the limitation of \$800,000 to an institution—what effect do you think that will have?

Mr. KEPPEL. Last year, and if I may, I will check my memory with Mr. Mildenerger, when the \$800,000 limit for a college was put on, it affected several of the institutions on the basis of formal application that they made to us.

Senator ELLENDER. Which were those institutions?

Mr. MILDENBERGER. Actually, there were 13 institutions that requested the funds in excess of \$800,000.

Senator ELLENDER. Were those for student loans?

Mr. MILDENBERGER. They were for student loans, yes.

Senator ELLENDER. In other words, the total amount of student loans in those institutions, these 13, were in excess of \$800,000?

Mr. MILDENBERGER. They predicted they would need more than \$800,000 in Federal funds for this coming academic year.

#### NUMBER OF COLLEGES SERVICED

Senator ELLENDER. Would you have found it advisable to limit it, say, a little more? What I fear is that you are going to have more of this channeled into just a few colleges, just as you had the Science Foundation money distributed in the past. There has been quite a bit of criticism as to that, as you might know.

Mr. MILDENBERGER. I don't think there is any danger of that happening. Every institution was asked to submit an application stating its full needs. We have studied with outside consultants these applications for reasonableness.

They all have an equal chance, and if they present their evidence, they are approved at the figure they request, or some other reasonable figure.

But I don't see any danger of the large institutions requesting and receiving so much that they are taking it away from the smaller institutions.



## QUESTION OF FAIR DISTRIBUTION

Senator ELLENDER. You feel you can handle it so that these additional appropriations will be fairly distributed among all the colleges throughout the country?

Mr. MILDENBERGER. I think the law administratively allows us to handle this.

Mr. KEPPEL. As a matter of fact, Senator, it is really very impressive—it is, after all, only a 5-year loan program. We already have over 1,500 participating colleges.

Mr. MILDENBERGER. It is almost 1,600 colleges.

Mr. KEPPEL. That are now taking part in this, and they are in every State, every county. This is the program of the Federal Government that gets everywhere.

Senator ELLENDER. Now, could you separate in the table I have asked for those who enter as a freshman, in contrast to those who take graduate work?

(The information referred to follows:)

## STUDENT LOAN PROGRAM

*Report on national defense student loan program as of June 30, 1963—Cumulative data, 1958-63*

1. Number of participating institutions.....	1, 536
2. Funds advanced to students.....	\$323, 450, 364
3. Number of student borrowers.....	497, 825
4. Loan principal collected from 76,282 borrowers.....	\$10, 965, 219
5. Loan principal canceled for teaching service for 34,809 borrowers.....	\$3, 593, 119
6. Loan principal canceled for death of 517 borrowers.....	\$299, 468
7. Loan principal canceled for disability of 12 borrowers.....	\$4, 966

*Number of borrowers by academic year*

1958-59.....	24, 831
1959-60.....	115, 450
1960-61.....	151, 068
1961-62.....	186, 465
1962-63.....	216, 930
Cumulative, 1958-63.....	497, 825

*Report for academic year 1962-63*

	Number	Percent
Men.....	126, 018	58. 1
Women.....	90, 912	41. 9

*Borrowers by academic level*

	Number	Percent	Amount	Percent
Freshmen.....	54, 615	25. 2	\$23, 592, 832	22. 7
Sophomores.....	49, 529	22. 8	23, 022, 033	22. 2
Juniors.....	48, 052	22. 2	23, 531, 905	22. 7
Seniors.....	48, 251	22. 2	23, 783, 915	22. 9
Graduate and professional.....	16, 483	7. 6	9, 797, 279	9. 4
Total.....	216, 930	100. 0	103, 727, 964	100. 0

*Range of annual loans*

	Number	Percent
\$1,000.....	13,301	6.1
\$800 to \$999.....	17,678	8.1
\$600 to \$799.....	37,171	17.1
\$400 to \$599.....	67,378	31.1
\$200 to \$399.....	64,011	29.5
\$199 or less.....	17,391	8.0
Total.....	216,930	100.0

*Borrowers by special consideration*

	Number	Percent	Amount	Percent
Teaching.....	101,103	46.6	\$47,429,061	45.7
Science.....	20,713	9.5	10,222,385	9.9
Mathematics.....	6,795	3.1	3,241,051	3.1
Modern foreign language.....	3,701	1.7	1,847,647	1.8
Engineering.....	14,548	6.7	7,366,282	7.1
Total.....	146,860	67.7	70,106,426	67.6
Loans approved before high school graduation.....	11,818		5,298,025	
Loans approved after high school graduation but before college registration, fall 1962.....	27,960		12,750,363	
Total.....	39,778		18,048,388	

## PERCENTAGE OF STUDENTS TAKING LOANS

Mr. KEPPEL. That is right. Actually, the highest percentage, as I recall, and this is what I think the Congress intended, the highest percentage of students taking loans, when you do it on a category basis, are freshmen.

Senator ELLENDER. That would be expected?

Mr. KEPPEL. That is what it should be, because we want to use the money to get them in, if possible.

Senator ELLENDER. Thank you.

Chairman HAYDEN. Thank you, gentlemen.

Mr. KEPPEL. Thank you very much, Mr. Chairman.

## DISTRICT OF COLUMBIA

STATEMENTS OF COMMISSIONERS WALTER N. TOBRINER, PRESIDENT OF THE BOARD; JOHN B. DUNCAN, COMMISSIONER; BRIG. GEN. C. M. DUKE, ENGINEER COMMISSIONER; ROY C. HOYLE, SURVEYOR, OFFICE OF THE SURVEYOR; DR. JOSEPH M. CARROLL, ASSISTANT SUPERINTENDENT IN CHARGE OF GENERAL RESEARCH, BUDGET, AND LEGISLATION; DR. MURRAY GRANT, DIRECTOR OF PUBLIC HEALTH; AND D. P. HERMAN, BUDGET OFFICER, DISTRICT OF COLUMBIA

### SUPPLEMENTAL REQUEST, 1965

Senator BYRD. The next item relates to the request for \$324,828 for the District of Columbia. The estimate and supporting justification will be placed in the record.

(The justification follows:)

#### SUPPLEMENTAL ESTIMATES

#### HOUSE DOCUMENT No. 338

#### JUSTIFICATION

#### "DISTRICT OF COLUMBIA

#### "DISTRICT OF COLUMBIA FUNDS

#### "OPERATING EXPENSES

#### "General Operating Expenses

"For an additional amount for 'General operating expenses', \$22,800."

This additional amount is to provide more staff to enable the Office of the Surveyor to meet increased workloads which have resulted from the enactment of condominium legislation and from the revision of zoning regulations.

#### "Education

"For an additional amount for 'Education', \$181,800."

This proposed supplemental appropriation will permit the hiring of 30 additional senior high school teachers. Estimates of senior high school enrollment for the 1964-1965 school year have increased significantly, in large part due to the success of efforts to reduce the number of dropouts.

#### "Health and Welfare

"For an additional amount for 'Health and Welfare', including not to exceed \$100,000 to reimburse Children's Hospital for care of children of parents not eligible for assistance under existing standards of eligibility but found after individual examination to be unable to meet the cost of medical care, \$113,000."

This supplemental appropriation would provide for the care of patients at Children's Hospital whose parents are indigent but who are not eligible for care at public expense under current eligibility standards. It would also provide data that can be used in evaluating current standards.



## "Settlement of Claims and Suits

"For the payment of claims in excess of \$250, approved by the Commissioners in accordance with the provision of the Act of February 11, 1929, as amended (45 Stat. 1160; 46 Stat. 500; 65 Stat. 131), \$7,228."

This additional amount is for the payment of claims that have been settled by the Corporation Counsel and approved by the Commissioners.

## "DIVISION OF EXPENSES

"The sums appropriated in this title for the District of Columbia shall, unless otherwise specifically provided for, be paid out of the general fund of the District of Columbia, as defined in the District of Columbia Appropriation Act for the fiscal year involved."

## JUSTIFICATIONS

## GENERAL OPERATING EXPENSES

## OFFICE OF SURVEYOR

For an additional amount, fiscal year 1965, for "General operating expenses," \$22,800. Office of Surveyor, \$22,800:

The passage of Public Law 88-218, "Horizontal Property Act of the District of Columbia" (condominium), requires, among other things, that projects proposed under the provisions of this act be subdivided and the plats recorded in the Office of the Surveyor. The new zoning regulations, approved in January 1964, which require that land must be subdivided and the plat recorded in the Office of the Surveyor before a permit for building purposes can be issued by the Department of Licenses and Inspections, has caused a substantial increase in the workload as shown by the informational data reported below. It is therefore necessary that additional funds be provided in the amount of \$22,800 for the fiscal year 1965 in order to operate efficiently.

## Informational data

	Fiscal years					
	1960	1961	1962	1963	1964	1965 (estimate)
Work performed for public:						
Surveys made.....	1,286	1,140	1,068	1,083	1,316	1,400
Plats drafted.....	6,302	6,579	8,319	8,676	9,350	10,000
Subdivisions recorded.....	45	30	46	75	1,263	770
Work performed for District of Columbia Government departments:						
Surveys made.....	95	181	229	212	98	150
Plats drafted.....	981	467	487	489	2,500	500
Subdivisions recorded.....	10	9	16	28	20	30

<sup>1</sup> 246 received in 2d half of fiscal year after passage of new zoning regulations.

<sup>2</sup> Estimated.

Item	Number requested	Personnel compensation	Personnel benefits	Other	Total
Personnel compensation and benefits to maintain full complement of 36 positions.....		\$9,219	\$2,352		\$11,571
GS-6 draftsman.....	1	5,242	437	\$600	6,279
GS-4 surveying aid.....	1	4,222	368		4,590
Postage.....				50	50
Supplies and materials.....				310	310
Total increase.....	2	18,683	3,157	960	22,800

## EDUCATION

For an additional amount, fiscal year 1965, for "Education," \$181,800.

Activity 2. Supervision and instruction, \$181,800: Funds are requested to finance the employment of 30 additional senior high school teachers. These additional teachers are required because of unanticipated increase in the estimated September 1965 enrollments of the District's high schools. The latest enrollment projections actually indicate a need for 60 additional high school teachers. However, the public schools will make internal adjustments to accommodate for the need of the other 30 teachers. Thus, 30 additional teachers are the minimum number necessary to prevent most serious overcrowding of the District's high schools.

The projections used to determine the fiscal year 1965 budget were prepared in the spring of 1963. These projections indicated that the average daily membership (ADM) in senior high schools would be 15,500 students. Our fiscal year 1965 estimate of high school teacher requirements was based on this projection.

The projections prepared for use in the fiscal year 1966 budget, which were done a year later and reflect later experience, indicated clearly that an ADM of 16,980, rather than 15,500 is expected in fiscal year 1965. The staff required to provide for this increased enrollment is shown in detail in table I which compares the original and revised estimates of high school staffing requirements. A school-by-school study of enrollments and staffing needs done by the Department of Secondary Education confirmed the need for these 60 teachers. Improved "holding power" appears to be the principal reason for this enrollment increase. Table II shows the actual retention of District ninth-grade students in our high schools. It shows that the 10th-grade class in 1963-64 was 98.4 percent of the 9th-grade class the previous year, the highest retention rate by far in the last 5 years. The increased effort to cause students to stay in school and to complete their educations appears to be having a major impact on high school enrollments.

The total increase of \$181,800 will be distributed as follows:

Position (grade and title) or item	Number requested	Personnel compensation	Personnel benefits	Other	Total
Class 15 teachers, regular academic classes	29	\$167,040	\$4,843	\$3,857	\$175,740
Class 15 teachers, shop and home economics classes	1	5,760	167	133	6,060
Total increases	30	172,800	5,010	3,990	181,800

TABLE I.—A comparison of original and revised 1965 budget staffing estimates for senior high schools

School level and type of program	Staffing ratio	Original 1965 budget staffing estimates				Revised 1965 budget estimates				Differences between original and revised staffing estimates
		Estimated ADM	Required staff	Fiscal year 1964 approved staff	Additional staff required	Estimated ADM	Required staff	Fiscal year 1964 approved staff	Additional staff required	
<b>SENIOR HIGH</b>										
Regular academic classes	25.1	14,160	566	537	29	15,610	624	537	87	+58
Shop and home economics classes	18.1	1,340	74	70	4	1,370	76	70	6	+2
Total		15,500	640	607	33	16,980	700	607	93	+60

TABLE II.—Rate of retention of 9th grade students in grades 10, 11, and 12—1:  
1959-60 through 1963-64

School year	Member- ship grade 9	Member- ship grade 10	Retention rate, per- cent of grade 9 1 year earlier	Member- ship grade 11	Retention rate, per- cent of grade 9 2 years earlier	Member- ship grade 12	Retention rate, per- cent of grade 9 3 years earlier
1956-57	6,439						
1957-58	5,950						
1958-59	5,558						
1959-60	5,445	5,206	93.7	4,250	71.4	3,648	56.7
1960-61	5,954	4,938	90.7	4,149	74.6	3,505	58.9
1961-62	6,724	5,329	89.5	4,159	76.4	3,391	61.0
1962-63	7,245	6,281	93.4	4,504	75.6	3,480	63.9
1963-64		7,132	98.4	5,335	79.3	3,808	64.0

## HEALTH AND WELFARE

## PUBLIC HEALTH

For an additional amount, fiscal year 1965, "Health and welfare," including not to exceed \$100,000 to reimburse Children's Hospital for care of children of parents not eligible for assistance under existing standards of eligibility but found, after individual examination, to be unable to meet the cost of medical care, \$113,000.

Public health, medical care, and hospitals, \$113,000: These additional funds are requested to further assist the Children's Hospital in meeting a most critical financial situation. The positions requested—one social worker and one clerk-typist—will make it possible to evaluate the financial status of each child's family referred by Children's Hospital. This evaluation would be in the form of a social work study to determine the family's ability to pay or partially pay for medical services received by reviewing all features of income and expense incurred by the family. For example, a social worker would make a detailed analysis of the components of the family's income and its application to family expenses. The expenses would be evaluated on the basis of their nature—whether they are controllable or not. Examples of expenses that are not controllable might be long-term or frequent medical expenses which have exhausted the family resources or the partial support of dependents who could not be considered part of the family group in the standards of eligibility but are still the financial responsibility of the family. After such an analysis the social worker could then determine what portion, if any, of the family income is available for the care of the child at Children's Hospital. In other words, individual determination, in each case, of the family's resources and ability to pay without regard to existing standards of eligibility.

As indicated, an additional social worker and a clerk-typist would be needed to conduct the detailed social studies for the more than 600 patients that would require special investigation and analysis.

The following indicates the full potential of the group of patients who could become eligible for medical financial assistance at Children's Hospital:

	Number of patients	Number of inpatient days
Total number	639	4,478
Less nonresidents	41	263
Total, District patients	648	4,215
Rate of \$40 per diem		\$168,600
Less collections from patients and the Hospital Service Agency		63,261
Total potential cost of additional District patients		105,339
Total requested		100,000



The total increase of \$113,000 will be distributed as follows:

Position (grade and title) or item	Number of positions requested	Personnel compensation	Personnel benefits	Other	Total
GS-8 social worker.....	1	\$6,406	\$520	\$350	\$7,276
GS-4 clerk-typist.....	1	4,222	327	1,175	5,724
Contract hospitals.....				100,000	100,000
Total.....	2	10,628	847	101,525	113,000

## SETTLEMENT OF CLAIMS AND SUITS

For an additional amount for the payment of claims in excess of \$250, approved by the Commissioners in accordance with the provisions of the act of February 11, 1929, as amended (45 Stat. 1160; 46 Stat. 500; 65 Stat. 131), \$7,228.

This amount is requested in order to pay the following claims in excess of \$250 each in accordance with the authority cited above:

Claimant	Nature of claim or suit	Amount of claim or suit	Amount of settlement
<i>Rollins, et ux. v. D.C.</i> .....	Personal injuries (fracture of right patella) to Mr. Rollins from fall on icy public sidewalk east of 2932-34 Nelson Pl. S.E., on Mar. 3, 1960. (Mrs. Rollins claims loss of consortium.)	\$15,000.00	\$1,500.00
A.B. & W. Transit Co.....	Property damage to bus when struck by Division of Sanitation truck at Pennsylvania Ave., between 8th and 9th Sts. N.W., on July 28, 1961.	715.38	357.69
<i>Church v. D.C.</i> .....	Personal injuries (fracture of left patella and Colles fracture of right wrist) from fall on public sidewalk at 2d St., between D and E Sts. N.W., on Sept. 14, 1960.	35,000.00	1,650.00
John J. Bagshaw.....	Property damage to auto when struck by MPD vehicle at 18th and R Sts. N.W., on June 21, 1962.	312.30	312.30
Ethel Landman.....	Personal injuries (lacerations, contusions, and damage to lower dentures) from fall on public sidewalk at 18th St. and Columbia Rd. N.W., on June 7, 1963.	450.00	450.00
<i>Ochs v. D.C.</i> .....	Personal injuries (sprained right ankle) from fall on public sidewalk at the corner of Connecticut Ave. and I. St. N.W. on Oct. 7, 1963.	10,000.00	600.00
Motors Insurance Co. and Jessie J. and Victoria Arnold.	Property damage to auto when struck by District of Columbia Village vehicle on Nichols Ave. S.W., at Galveston St., on May 27, 1961.	466.92	466.92
Mildred E. and John W. Beckwith.	Personal injuries to Mrs. Beckwith (laceration of forehead and irritation of L-5 nerve root, low back area) from fall on public sidewalk at the corner of 18th and H Sts. N.W., on Mar. 28, 1963.	( <sup>1</sup> )	500.00
<i>Bowman v. D.C.</i> .....	Personal injuries to head, left hand and arm, and left knee from fall on the public sidewalk in front of 1255 U St. S.E., on June 16, 1962.	3,000.00	300.00
Claude Hatchett.....	Personal injuries (contusions of both knees and right side of head) sustained when District of Columbia Fire Department ambulance backed into claimant in front of 719 12th St. N.W., on July 30, 1963.	1,500.00	500.00
Arthur S. Rosen.....	Property damage to auto when in collision with Department of Sanitary Engineering vehicle at 16th and Oglethorpe Sts. N.W., on Oct. 23, 1963.	575.34	287.67
William E. Hayman.....	Property damage to auto when struck by Metropolitan Police Department vehicle at Blair Rd. and Chestnut St. N.W., on Feb. 17, 1964.	366.04	303.04
Total.....		67,385.98	7,227.62

<sup>1</sup> Not retated.

## STATEMENT OF COMMISSIONER

Senator BYRD. Mr. Commissioner, you may proceed in your own way to justify the request for additional funds.

Commissioner TOBRINER. Thank you, Mr. Chairman and members of the committee.

I have a prepared statement which I seek the chairman's permission to introduce in the record and I will summarize the contents thereof.

Senator BYRD. Very well.

(The statement referred to follows:)

## STATEMENT OF COMMISSIONER WALTER N. TOBRINER BEFORE COMMITTEE ON DEFICIENCIES AND SUPPLEMENTALS, U.S. SENATE, AUGUST 14, 1964

Mr. Chairman, the Commissioners appreciate the opportunity of appearing before this committee to testify on supplemental requests for the fiscal year 1965.

The justifications submitted herewith are in support of supplemental estimates totaling \$324,828 contained in House Document No. 338 for the following items: (1) \$22,800 for the Office of the Surveyor; (2) \$181,800 for 30 additional teachers for the public schools; (3) \$113,000 for financial assistance to Children's Hospital; and (4) \$7,228 for payment of claims and suits against the District government. These amounts are chargeable to the general fund of the District of Columbia.

New zoning regulations approved in January 1964 which require that land must be subdivided and the plat recorded in the Office of the Surveyor before a permit for building purposes can be issued by the Department of Licenses and Inspections substantially increases the workload of this office. In addition, Public Law 88-218, Horizontal Property Act of the District of Columbia (condominium), required that projects proposed under the provisions of this act be subdivided and the plats recorded in this office.

The additional 30 senior high school teachers are necessary because of unanticipated increases in the estimated 1965 enrollment in the District's senior high schools. According to the latest pupil projections, there is a need for 60 additional high school teachers; however, the school administration will make internal adjustments to provide the remaining 30 teaching positions. The increased effort to encourage students to remain in school and complete their educations appears to have been one of the contributing factors to the increased enrollments.

Funds requested by the Department of Public Health will provide further assistance to Children's Hospital. It is proposed to evaluate the financial status of each child's family referred to Children's Hospital to determine on an individual basis the family's ability to pay for medical services received.

Other witnesses are here and prepared to support in more detail these requests which are considered essential to the operation of the District of Columbia.

Thank you for your consideration.

## BREAKDOWN OF SUPPLEMENTAL REQUEST

Commissioner TOBRINER. The chairman has indicated the total supplemental request. Of that amount, \$22,800 is for the Office of the Surveyor to provide 2 additional positions occasioned by the increased workload; \$181,800 is for the public schools to provide an additional 30 teachers due to an overestimation of pupil attendance in the elementary schools and underestimation in the high schools. For public health there is requested a sum of \$113,000, \$13,000 for personnel to be assigned to the Health Department to make evaluations of people not technically eligible for admission to Children's Hospital, the other \$100,000 to reimburse Children's Hospital for those found by that process to be admissible and finally the sum of \$7,228 for claims be-

yond the authority of the Commissioners to settle without congressional approval.

Members of the departments involved are here to testify in detail.

Senator BYRD. These amounts are all chargeable to the general fund, Mr. Tobriner?

Commissioner TOBRINER. They are.

Senator BYRD. Thank you, Mr. Tobriner.

### STATEMENT OF RAY C. HOYLE, SURVEYOR

#### OFFICE OF THE SURVEYOR

Now let us begin with your request for \$22,800, the Office of the Surveyor, what is the breakdown of the request for \$22,800?

Mr. HOYLE. The breakdown is for personnel compensation, a total of \$11,571 and a new position of draftsman, the total will be \$6,279. A new position for a surveying aid, salary \$4,590. Additional postage due to this extra amount of work, \$50. Additional supplies and materials, \$310.

Senator BYRD. How many employees are now in the Office of the Surveyor?

Mr. HOYLE. We have 36 positions. We have 32 jobs completely filled now; 2 are new positions being filled on the 30th and the other 2 are being recruited.

Senator BYRD. Do you presently have employees assigned to do the work for which you are requesting additional personnel?

Mr. HOYLE. Yes, sir; as best we can we are reassigning them to help with this workload.

Senator BYRD. You do presently have employees carrying on this type of work?

Mr. HOYLE. Yes, sir; we have fallen very far behind on subdivisions, for instance. Normally it would take a week to get a subdivision on record. It is taking us about 8 weeks.

#### INCREASED WORKLOAD RESULT OF CHANGE IN ZONING REGULATIONS

Senator BYRD. Could you give us some specifics on the Office workload?

Mr. HOYLE. The estimated workload for 1965, fiscal 1965, we estimate to be 1,400 surveys will be made. We estimate that there will be 10,000 plats drafted. We estimate there will be 770 subdivisions recorded.

You will note that in fiscal 1963 we ran only 75 subdivisions per year.

Senator BYRD. Have the new zoning regulations had any bearing on your workload?

Mr. HOYLE. At the present time, the change in zoning regulations has caused the entire workload. We have not had a condominium order yet. The law as passed apparently did not completely satisfy those interested in it. It came back, just last week, I believe. Congress approved amendments to it which will include single family houses. We anticipate a heavy workload from that.

Senator BYRD. Were you allowed any new positions in the regular 1965 budget?

Mr. HOYLE. No, sir.

Senator BYRD. Why do we have the request at this time?

Mr. HOYLE. The zoning changes weren't made until January. It was too late to get into the regular budget.



Senator BYRD. Do you feel that this is an item that could be deferred until we have the next regular appropriation bill?

Mr. HOYLE. No, sir; I do not. This is greatly hampering both public and private construction for new houses and commercial buildings because, as I have pointed out, we are about 8 weeks behind. This is throwing the builders' schedules way off.

Senator BYRD. You feel it is hampering the construction?

Mr. HOYLE. I am afraid it is; yes, sir.

Senator BYRD. Mr. Tobriner, or General Duke, do you have something to add?

#### IMPACT OF ZONING REGULATION CHANGES

General DUKE. I was going to ask if it would be helpful for Mr. Hoyle to explain to you specifically the impact of that zoning regulation change.

Senator BYRD. I think it would.

Mr. HOYLE. Every permit before it can be issued for building purposes has to be issued on the recorded lot, lot subdivided and recorded in the Office of the Surveyor. Heretofore that was not the case. That is what is causing us a tremendous backlog. We estimate 770 orders for this year against 75 for 1963.

#### REQUEST FROM LICENSING AND INSPECTION DEVELOPMENT

General DUKE. If I may say a word in that behalf, Mr. Chairman, this zoning change was made at the request of our Department of Licensing and Inspection because the applications for construction permits heretofore had been made on a basis of perimeters and bounds of property dimensions without any actual survey or any plan or physical drawing. This has resulted in the inability of that Department to make absolutely certain that the applicant was staying on his own property and was not impinging on someone else's property. But with the new requirement that they submit an actual survey here, the surveyor can check this and make certain that each application is following our regulations. This was the gist of the zoning change. This is what caused the additional workload on the surveyor.

#### REDUCTION IN AMOUNT REQUESTED

Senator BYRD. Are the amounts requested for the two positions computed on a 12-month basis?

Mr. HOYLE. Yes, sir.

Senator BYRD. With July and August passed, would you still need that much?

Mr. HOYLE. Two-twelfths could be cut off. That is for the positions. But with the supplies and materials we would still need the same amount.

Senator BYRD. The reduction is not reflected in this request?

Mr. HOYLE. No, sir.

Senator BYRD. Instead of \$22,800 what would you actually need?

Mr. HOYLE. Two-twelfths less—\$1,800 less.

Senator BYRD. Was this information given to the House?

Mr. HOYLE. Yes, sir. They didn't ask the figure. We just explained the two-twelfths.

Senator BYRD. Do you anticipate any difficulty in recruiting these positions?

Mr. HOYLE. No, sir.

Senator BYRD. Do you think you can start with them the 1st of September?

Mr. HOYLE. I don't know that I can get the jobs filled that quickly, but I will make the attempt as soon as I get the authorization; yes.

Senator BYRD. What are your figures now?

Mr. HERMAN. \$1,800 can be deducted from the \$22,800 requested.

Senator BYRD. What is the amount that you will need?

Mr. HOYLE. \$21,000.

Senator BYRD. If we allow you \$20,000 would that enable you to get started by September 15 or October 1 in the event you have difficulty in recruiting those positions?

Mr. HOYLE. Yes, sir.

Senator BYRD. Do you feel that both these positions are needed?

Mr. HOYLE. Yes, sir; we do. One position is for inside drafting. The other is a field position. That will help us to complete a four-man survey party which will help us on the survey work.

#### FILLING VACANCIES

Senator BYRD. Inasmuch as you have four vacancies, do you feel that you need this additional money?

Mr. HOYLE. We hope we won't have those vacancies after the next week or so. We are recruiting right now.

Senator BYRD. You are in the process of filling the positions now?

Mr. HOYLE. Yes, sir. Two of them are definitely filled. The employees will report on the 30th. That leaves only two that we are recruiting for now.

Senator BYRD. What are the four positions that you are seeking to fill?

Mr. HOYLE. There is one drafting job and three field jobs.

Senator BYRD. Now you are asking for one additional draftsman?

Mr. HOYLE. Yes, sir.

Senator BYRD. In the event you filled the one drafting job that is presently vacant, do you think that you would need the additional draftsman?

Mr. HOYLE. Yes, sir; we do. We feel that this draftsman is necessary for the subdivision work alone.

Senator BYRD. I believe that the number of surveys made dropped off in 1962 and 1963 from the number made in 1961 and 1960.

Mr. HOYLE. Yes, sir.

Senator BYRD. To what do you attribute this?

Mr. HOYLE. I don't know that I can fully explain that. That is controlled by the amount of construction in the city. Our workload is dependent upon the public and private construction.

Senator BYRD. You are anticipating a substantial increase in fiscal year 1965?

Mr. HOYLE. Yes, sir. A good bit of that will be brought about by District work; the inner loop, for instance, is going to give us quite a bit of additional work.

Senator BYRD. Thank you.

## PUBLIC SCHOOLS

Let us take up the next item which is \$181,800 for supervision and instruction, Department of Education.

Senator BYRD. Dr. Hansen is not present today; is that correct?

Dr. CARROLL. That is correct. He is out of the city. We have Mr. Williams here, President of the Board of Education, who has a short statement. We have Colonel Hamilton and Mrs. Steele, also members of the Board of Education.

Senator BYRD. We are happy to have Mr. Williams and the members of the Board with us.

Will you present your statement, please?

### STATEMENT OF WESLEY WILLIAMS, PRESIDENT OF THE SCHOOL BOARD

#### REQUEST FOR ADDITIONAL TEACHERS

Mr. WILLIAMS. Yes; I have a very short statement.

I appreciate the opportunity to appear before you, sir.

I am representing the Board of Education to support the request for 30 additional teachers. These additional teachers are needed because enrollment in our high schools is increasing more rapidly than predicted at the time the fiscal year 1965 budget was prepared and presented. There are many factors which influenced the enrollment but it is indicated that the major reason for this unexpected increase is the improved holding power of our schools.

Actually, our appearance before you, sir, might well be taken as a sign of success on the part of our schools. We actually had over 600 students who had dropped out of our schools. We have kept almost 450 of these students in school for a full year. We expect them to be with us this coming September. Also, we are retaining a higher percentage of our students and hope this trend will continue.

The 30 teachers are required to keep the pupil-teacher ratio at the same level as in the high schools last year. This is the number of teachers we feel necessary to meet this increase in enrollment. Actually, 60 teachers would be required to maintain the 25 to 1 ratio. However, the schools have made plans to make internal adjustments to accommodate for the other 30 teachers. We strongly urge the approval of this request as it is most important to continue to operate the school system, the system that you expect and which the public requires.

I thank you for this opportunity.

Senator BYRD. Thank you, Mr. Williams.

What has been the actual enrollment in the senior high schools over each of the past 5 years, Dr. Carroll?

#### SENIOR HIGH ENROLLMENTS

Dr. CARROLL. I have the information through the year 1960-61. The enrollment in the senior high schools, which is grades 10 to 12, was 11,978 in average daily membership, in 1960-61, 12,300, 1961-62, 12,608. In the year just completed, and all the information is not exactly finally computed, but it is estimated, 15,450.



Senator BYRD. About a 1,900 increase, roughly speaking, over the previous year?

Dr. CARROLL. Yes. The increases over the last 3 years which we have experienced were 1,932 between 1962 and 1963. So we say September 1962 to September 1963, 1,308 was the increase between September 1961 and September 1962. The increase the previous year was only 322. We have had some very substantial and unexpected increases in the senior high school.

Senator BYRD. What do you anticipate for the forthcoming year?

Dr. CARROLL. For the forthcoming year we anticipate an enrollment increase of 1,440 students in average daily membership or a total enrollment of 16,980 students in our senior high schools.

Senator BYRD. Which would be an increase of how many?

Dr. CARROLL. 1,440 over what we had in the last year.

Senator BYRD. You are expecting a smaller increase in the forthcoming year?

#### RETENTION OF SCHOOL DROPOUTS

Dr. CARROLL. That is correct, we are expecting a smaller one. We are concerned about these projections and the fact that they were under. We realize that the major reason, we believe the major reason, from the evidence that we have, is that there has been a decrease in the number of students dropping out of high school and we have been able through our programs to bring students back into the high school. We brought in 638, I believe, in a summer dropout program a year ago. We kept 450 of those students in school throughout the entire year. We have another summer dropout program underway. We already have right now 400 high school dropouts who are coming back to our schools this September. These are students who actually left school.

#### TOTAL ANTICIPATED INCREASE

Senator BYRD. What is the total increase you anticipate in the forthcoming school year over last year?

Dr. CARROLL. 1,440.

Senator BYRD. What was the increase that you estimated in preparing your regular fiscal year 1965 budget?

Dr. CARROLL. The increase we estimated, the number we estimated was 15,500 for this coming year. In other words, we estimated we would have this coming year the number that we actually had as average daily membership in 1963-64. The increase I have here, I will have to look it up, I will submit it for the record if you would like, the actual increase. I have it here, I believe.

Senator BYRD. You now estimate you will have how many students over and above the estimate that was submitted in connection with the regular budget?

Dr. CARROLL. 1,480 additional students.

Senator BYRD. That is over and above last year's?

Dr. CARROLL. And that is over and above the estimate.

Senator BYRD. It is?

Dr. Carroll, will you please state your name and title for the record, please?

## STATEMENT OF DR. JOSEPH M. CARROLL

Dr. CARROLL. Joseph M. Carroll. I am Assistant Superintendent in Charge of General Research Budget and Legislation for the District Schools.

The estimate you requested was 15,500, which was the basis for the fiscal 1965 budget.

## INCREASE DUE TO CONTROL ON DROPOUTS

Senator BYRD. You attribute this change of direction, so to speak, to your success in the dropout program and to what else?

Dr. CARROLL. And to a decline in the annual dropouts in high schools. There is in the justification an indication that—well, definite figures that between 1962 and 1963 that 98 percent of the students in the 9th grade in 1962-63 showed up in 10th grade in 1963-64, or survived, shall we say. This is a very distinct improvement over the previous years which had been averaging around 90 to 93 percent. There was also an improvement in grades 11 to 12. In other words, not as many people left school. We also got back a number who had actually left. We managed to get them back into our schools. We're trying to, of course, we hope to be able to continue to keep the students in school and to attract them back.

Senator BYRD. Is your dropout program working all across the board? It seems to be most effective in the retention of your grade 9 students.

Dr. CARROLL. It is working across the board. I believe it was more effective in the retention of the grade 9 because a large number of students—and grade 10—a large number of students become 16 and can leave school. They may still be in junior high, so they tend to drop out in grades 9 and 10 and maybe at grade 10 to 11. These are the big dropout years. We tried to get people who dropped out the previous year. We concentrated on them because we felt it would be a bit easier for them to get back in school.

A person who has been out 2 or 3 years is quite a problem to attract back to the schools.

## PUPIL-TEACHER RATIO, HIGH SCHOOL

Senator BYRD. What is your student-teacher ratio in the senior high schools, based on the regular fiscal year 1964 appropriation?

Dr. CARROLL. 25 to 1 for regular academic class and 18 to 1 for our shop and economics.

Senator BYRD. What will your student-teacher ratio be if the 30 positions are not allowed?

Dr. CARROLL. I haven't calculated that. Thirty positions constitute a little less than 5 percent of the teaching staff of the senior high school which is presently approved at 660 teachers. Therefore, the ratio would be 5 percent short on teachers and we would expect roughly 5 percent increase in the class size, approximately 5 percent. Actually a little less than that.

Senator BYRD. What would this make your student-teacher ratio?

Dr. CARROLL. Approximately 27.6 to 1 in regular academic classes.

Senator BYRD. Now if the 30 positions are allowed will you be able to maintain your 30 to 1 ratio in the senior high class?

Mr. CARROLL. You mean the elementary class? 30 to 1?

Senator BYRD. 25 to 1, excuse me.

Dr. CARROLL. If the 30 positions are approved we believe we will be

able to maintain very close to that. We have a problem, we have some students, we have indicated, I think in Mr. Tobriner's opening statement, that there is an underestimation in the elementary levels.

## ASSIGNMENT OF REQUESTED TEACHERS

Senator BYRD. Let us not get into that point yet, if you please. I understand half of these teachers would be assigned to basic classes and half to—

Dr. CARROLL. No; we plan on 58 of these teachers being assigned to regular academic classes and two of the 60 that we calculated originally to shop and home economics. So it would be 29 and 1 would be our rough distribution.

Senator BYRD. 29 and 1?

Dr. CARROLL. 29 and 1.

## NEED FOR SENIOR HIGH SCHOOL TEACHERS

Senator BYRD. Now you say you need 60 teachers in your senior high schools? Do you need the 60 to maintain your 25 to 1 student-teacher ratio and your 18 to 1 student-teacher ratio in the respective class categories?

Dr. CARROLL. Yes, sir; we do.

Senator BYRD. You need the 60?

Dr. CARROLL. Yes, sir.

Senator BYRD. If you are allowed 30 positions what will you do in order to maintain your 25-to-1 ratio and your 18-to-1 ratio?

## TEACHER POSITION ADJUSTMENTS BETWEEN LEVELS

Dr. CARROLL. We will make adjustments between levels. This might mean transferring some teachers from elementary to other levels. We do not want to say we are definitely going to do that because it is entirely possible we will encounter problems in our elementary schools which would take precedent over allowing a small increase in class size in the senior high. So we wish to have the flexibility to make these adjustments as the situation calls for it in September.

We do want to point out that we did make an adjustment in this request for the additional teachers that we have in the elementary level. This has been taken into account.

Senator BYRD. On what basis do you predicate your ability to adjust from the elementary to the senior high?

Dr. CARROLL. Actually we have to work very hard in order to have all the teachers hired by September 1. We have been very fortunate to have been authorized to start hiring as of July—early July. So we are in the process of hiring teachers now. When students show up we are always faced with the problem of too many in one place and not enough in another, and a certain amount of reorganization must take place. We are quite sure we will be able to adjust to the level of 30 teachers.

Senator BYRD. Perhaps I did not make my question clear. Why do you think you will be able to transfer teachers from the elementary classrooms to the senior classroom?

Dr. CARROLL. It won't be teachers; it will be positions that haven't been filled. They will still be waiting to be filled. We will make them senior high teachers instead of junior teachers.



## ELEMENTARY PUPIL-TEACHER RATIO

Senator BYRD. What is the pupil-teacher ratio in your elementary schools?

Dr. CARROLL. Thirty to one. We have basic classes, of course, which are 18 to 1.

Senator BYRD. This is the desired student-teacher ratio?

Dr. CARROLL. This is the ratio we desire to obtain.

## EXCESS ELEMENTARY SCHOOL TEACHING POSITIONS

We have about 27 more teachers, we believe, than would be necessary to maintain a 30-to-1 ratio in the elementary schools. In other words, our new projections indicate a somewhat smaller enrollment in elementary than we anticipated.

Senator BYRD. You are saying that the proposed transfer, if it should materialize, from the elementary classrooms to the senior high, would not have the effect of reducing your student-teacher ratio in your elementary classes.

Dr. CARROLL. No, sir; it would not.

Senator BYRD. You would still be able to maintain the desired rate?

Dr. CARROLL. If we had as many as 900 more students show up in the elementary schools than we anticipate we would still need more than 30 teachers. We want to have some flexibility in what we do.

## REDUCTION IN ELEMENTARY ENROLLMENTS

Senator BYRD. How do you explain the reduction in the estimates of enrollment in the elementary schools?

Dr. CARROLL. We have looked at that. We can only say that the number showed up was smaller. The influx into the city was not what was anticipated. The projections are based on past experience and a statistical projection of them with some adjustments on what we think will happen on urban renewal, some other change, new apartments and so forth. We didn't get as many as we expected. These are not as precise as we would like. It is difficult to project these things too perfectly.

Senator BYRD. What kind of variation in a graphic curve would this represent? Does this represent a downward trend?

Dr. CARROLL. For instance, the difference in the elementary between what we originally projected and what we now projected was 89,130 to 88,120. So we are dealing maybe with a decline of a thousand students on the basis of 89,000 students. So it represents something a little more than 1 percent variation from between our original projection and our present projection. Then it still constitutes 27 teachers.

## REDUCTION IN RATE OF GROWTH

Senator BYRD. In comparison with the increase each year over the past 2 or 3 years what does this represent? Is it a slowing down trend?

Dr. CARROLL. I think it would represent a slight reduction in the rate of growth. But there is continued growth projected.

Senator BYRD. A slight reduction in the rate.

Dr. CARROLL. Yes.

Senator BYRD. So you have a slight reduction in the rate of growth in the elementary schools but your enrollment in the first year of senior high—and to a diminished degree in the second and third years—is showing an increase.

Dr. CARROLL. That is right.

Senator BYRD. You base this most of all upon your success in encouraging students to return to school and not to leave school?

Dr. CARROLL. And not to leave school, that is right.

May I add that there are approximately a third of the students who are in our 9th grade who do not enter our 12th grade. Historically, approximately a third don't enter. We hope this will be reduced substantially. This could mean a large bulge in the senior high school without any new people moving into the District.

#### RETENTION RATE IN DISTRICT OF COLUMBIA

Senator BYRD. How does the retention rate in the District, say in grade 12, rank with the retention rate in the surrounding area?

Dr. CARROLL. I don't have that information. I could get it.

Senator BYRD. All right. I will be interested in knowing.

Dr. CARROLL. I am sure we have similar information.

Senator BYRD. You do not need to get it for our purposes here. We might get it for next year.

Mr. Tobriner, do you have anything to say at this point?

Commissioner TOBRINER. I have nothing additional to say, Mr. Chairman.

Senator BYRD. Now \$172,800 of the total will be for personal compensation \$5,010 for personal benefits, \$3,990 will be under the designation "other."

Senator BYRD. What do you mean by this?

Dr. CARROLL. I do not have the information what precisely is the "other." I will get that and insert it for the record.

Senator BYRD. All right, let us have it.

Mr. HERMAN. This amount is for the substitute service cost which is requested for all new teaching positions.

Senator BYRD. This is customarily done?

Dr. CARROLL. Yes.

#### TEMPORARY TEACHERS

Senator BYRD. Tell us about your temporary teacher situation.

Dr. CARROLL. Thirty-seven percent is the figure at the present time. This is an increase of from about 33 or 34 percent over the previous year. It has been rising steadily over the years. I also have that information over an 8- or 9-year period if it is of interest.

Senator BYRD. Is this the highest thus far?

Dr. CARROLL. This is the high point. It has been higher every year. It has been a continuing rise.

Senator BYRD. Does the increase over last year represent an accelerated trend upward or is it maintaining about the same rate of increase?

Dr. CARROLL. I would like to check but I believe it is about a 3-percent increase a year. That has been about the rate of increase which has been going on.

Senator BYRD. Are we talking about last year now or are we talking about the forthcoming year?

Dr. CARROLL. Over the several years.

Senator BYRD. I am talking about the 37 percent.

Dr. CARROLL. Last year represented a 3-percent increase. The trend has been over several years—

Senator BYRD. Are we talking about last year or about the forthcoming year?

Dr. CARROLL. The figure as of about a month ago, the last figure we had.

Senator BYRD. So if the trend continues throughout the next year we could anticipate around 40 percent of the teachers being temporary?

Dr. CARROLL. If the trend continues it will be that high.

#### VACANCIES IN SENIOR HIGH TEACHING POSITIONS

Senator BYRD. Can you tell us how many vacancies you have in your present senior high school teacher force?

Dr. CARROLL. I don't have that information precisely now. We are recruiting 34 new positions that were authorized in the fiscal 1965 budget. I know they are not all filled at the present time but I don't know the exact status.

#### RECRUITMENT OF TEACHERS

Senator BYRD. Do you think you will have any problem of recruitment in connection with 30 additional positions?

Dr. CARROLL. No more than we have for every position. We would like to have permanent teachers and the best qualified ones we can get. We feel confident we can fill the positions.

Senator BYRD. Do the figures requested here reflect the passage of the 2 months of July and August?

Mr. HERMAN. No, sir; because the teachers are paid on a 10-month basis.

Senator BYRD. Thank you, Mr. Carroll.

#### DEPARTMENT OF PUBLIC HEALTH

Now I believe the next item is \$113,000, medical care in hospitals under "Health and Welfare." Dr. Grant, we are glad to see you back today.

Would you like to present a statement?

#### STATEMENT OF DR. MURRAY GRANT, DIRECTOR

##### CHILDREN'S HOSPITAL DEFICIT

Dr. GRANT. Yes, Mr. Chairman, we have been continuing to grapple with the problems of the deficit existing at Children's Hospital and consider that one of the reasons for this deficit is the fact that some of the children that Children's Hospital is actually providing medical care for are not eligible for reimbursement by the District government under our existing eligibility standards.

In order to compensate for this we have made an estimate of what it would cost the District government if we were to reimburse Children's Hospital if they were to take care of the children who are above



existing standards and who still require care and for whom Children's Hospital is not getting reimbursement from any other source. To do this would require us to do a detailed financial investigation of each family who did not meet our eligibility standards by actually doing a casework determination on each one individually to evaluate their income, their expense from a total point of view, in order to determine whether or not the family could actually pay part or all of the bill. There were this past fiscal year a total of 689 such children who were in fact provided medical care at Children's Hospital but did not receive reimbursement from the District government. We have estimated if we were to take care of these, less the nonresidents—41—because we could not take care of these under existing law, we would request \$100,000 in order to accomplish this goal, and this is about as much, I think, as we could give Children's Hospital for this particular program.

In order to do this, Mr. Chairman, we would need a social worker and secretary, I believe, in order to carry out this intensive analysis.

Senator BYRD. What would be the amount needed for the social worker and the clerk-typist?

Dr. GRANT. \$13,000 altogether on an annual basis. That would be in addition to the \$100,000.

Senator BYRD. This is on a 12-month basis?

#### REDUCTION IN FUNDS REQUESTED

Dr. GRANT. Yes. We feel that this could be reduced to probably \$10,000 bearing in mind the fact that at this time of the year it will take time to get equipment.

Senator BYRD. Don't you have enough clerk-typists and social workers to absorb this?

Dr. GRANT. No, sir; we don't feel we do. Our Department has consistently each year requested additional social workers in order to accomplish some of the goals that we have and some of the goals that the General Accounting Office has requested us to accomplish. We don't feel it is possible with our present complement of social workers.

Senator BYRD. Did the House go into this item?

Dr. GRANT. Into this particular matter, I believe I would say they did.

Commissioner TOBRINER. I don't think too much time was spent on it, Mr. Chairman. The entire hearing took about an hour.

#### LEGISLATIVE AUTHORITY

Senator BYRD. Is the legislative committee in the House objecting to this item?

Dr. GRANT. My understanding was that the chairman of the District Appropriations Committee did have questions concerning the legislative authority that we had in the District to accomplish this particular program.

Senator BYRD. What is your reaction to this?

Dr. GRANT. We have checked on this matter, Mr. Chairman, and find, as I understand it, that the authorities embodied in the 1943 Appropriations Act which gives us authority to determine standards of eligibility, gives the Commissioners authority to determine stand-

ards of eligibility for patients at District of Columbia General Hospital, that there is no specific language indicating the authority relative to patients outside of the District General Hospital. We have merely interpreted this to include all patients coming under District expense.

#### HOUSE ATTITUDE

Senator BYRD. Was there any indication by the Appropriations Subcommittee in the House concerning its attitude on this point?

Dr. GRANT. I don't think that I know the answer to that question, Mr. Chairman.

Commissioner DUNCAN. The committee raised the question. I think we stated to the committee in effect that we would search the law and since that time Mr. Herman has made reference to the basic authority coupled, I believe, with what was called the hereafter clause in the following year would seem to pin it down. I would invite Mr. Herman to comment on that if that is not the case because he looked into it for us yesterday.

Mr. HERMAN. I made that statement to the other committee on "hereafter" but the law in 1943 was interpreted as a permanent law even without the hereafter clause. It says the Commissioner shall from time to time determine eligibility standards.

Senator BYRD. Is this an item that could well go over, Dr. Grant, until we consider the regular budget?

Dr. GRANT. I find it difficult to answer that question, Mr. Chairman, only because of the fact that Children's Hospital has felt themselves that they have a very important deficit that needs to be met and they have urged us and the District government to do whatever we can to assist them with this problem. I find it difficult to answer your specific question, Mr. Chairman, in light of this.

Senator BYRD. Mr. Tobriner, do you have anything that will help us on this item?

Commissioner TOBRINER. I am afraid I don't, Mr. Chairman. I am in the same dilemma as Dr. Grant. We have never made an audit or survey of the deficiency of the Children's Hospital operation. We have taken their audited statements and the statements of their Board of Directors. Their auditors are reputable. As you know, the Board of Directors consists of leading professional and businessmen of the city. On the other hand, this does not mean that the hospital could not be operated more efficiently. We have never made an independent determination to that effect.

Senator BYRD. Mr. Tobriner, in view of the incipient difficulties, at least they are incipient as far as we are concerned, and, furthermore, in view of the fact that Congress is being called upon repeatedly to assist Children's Hospital, would you think that it is advisable for an audit to be made of the kind to which you have alluded?

#### SURVEY OF MANAGEMENT—CHILDREN'S HOSPITAL

Commissioner TOBRINER. I think before any permanent arrangements to subsidize the hospital are put into effect there should be not only an audit but a survey of management and operational procedures.

Senator BYRD. Is anything in the works at the moment?

Commissioner TOBRINER. Not to my knowledge.

Senator BYRD. As I understand, the District government is not represented on the Board of Directors. Am I correct?

Commissioner TOBRINER. That is right. I am not sure that the District government would want representation as a director but it might desire to be afforded the status of an observer.

Senator BYRD. And at the present time there is no such observer?

Commissioner TOBRINER. No. I am not sure that this could not be done on a voluntary basis. I feel that the Board might be willing to give us that status if we requested it.

Senator BYRD. And the audit reports to which your people have been exposed, are those which are made by the entity, itself?

Commissioner TOBRINER. That is correct. By an independent audit firm but at the request of the hospital.

#### RECOMMENDATIONS OF COMMISSIONER

Senator BYRD. Do you have any recommendations at this point over and above the request here, Mr. Tobriner, in connection with the dilemma that we find ourselves in?

Commissioner TOBRINER. I feel, sir, as I indicated, that before any permanent or semipermanent subsidy arrangement is entered into the District should reassure itself through an audit and a survey that all possible economies and efficiencies are being effectuated at the hospital.

Senator BYRD. Mr. Tobriner, my clerk has suggested that perhaps an intensive evaluation should be made of the hospital's problems with some report on that evaluation and this should perhaps be made available to our subcommittee at the time we conduct our hearings on the fiscal year 1966 budget. Do you think this might be possible?

Commissioner TOBRINER. I think so, sir, but I would have to ask Dr. Grant whether he has the funds and personnel to do this with or whether we will require additional personnel and funds.

#### SPECIFIC FUND NEEDED

Dr. GRANT. I would think, Mr. Chairman, that this would require a specific fund because my guess would be offhand that in order to accomplish this in a very proper manner we would probably have to employ an outside consultant to come in and assist us in doing this kind of intensive evaluation.

Senator BYRD. Mr. Herman, do you have any comment or response?

Mr. HERMAN. No, but I agree with Dr. Grant. I don't think we have a capability to conduct such an examination without employment of outside consulting services.

Senator BYRD. For the record, do you feel that the General Accounting Office, Mr. Tobriner, might render the type of assistance that we need in this regard?

Commissioner TOBRINER. I don't know the full capabilities of the General Accounting Office. I am not sure that they have experts in hospital administration. Perhaps the General Accounting Office, aided by a hospital consultant of their choice, might do the job.

Dr. GRANT. I would think, Mr. Chairman, that you would certainly need a hospital consultant, someone with knowledge of medical and hospital matters. If General Accounting Office has this, sir—



## ABSORPTION OF COST OF SURVEY

Senator BYRD. Mr. Herman, could we not absorb this cost we are talking about here in the event that we need consultants of the type to which you have referred?

Mr. HERMAN. I will have to ask Dr. Grant. I have no idea what it would cost. Would it be \$25,000?

Dr. GRANT. It is difficult to say what this would cost. I would not even want to hazard a guess.

Senator BYRD. Over how long a period do you think the service of such a consultant would be required to carry out the requirement?

Dr. GRANT. As I understood it, your request was that it was to be submitted in time for the next appropriation hearings, which would be the limiting factor. Now whether such a consultant would accomplish this in that time I really don't know without talking to such a person.

Senator BYRD. How much is your total appropriation for fiscal year 1965?

Dr. GRANT. \$48,531,425.

Senator BYRD. What we are talking about here is about one-half of one one-thousandth of your total appropriation.

Mr. HERMAN. That is right.

Senator BYRD. Don't you think you could absorb this amount, Dr. Grant, if we were to settle upon the—

Dr. GRANT. In answer to your question, I would say that we would certainly bend over backward to do so, yes.

Senator BYRD. This would not seem to be too great an obstacle, would it, Mr. Herman, \$25,000, if that is the desired amount?

Mr. HERMAN. I think within the appropriation we could absorb it.

Senator BYRD. Do we need permission of the Children's Hospital before we do this?

Commissioner TOBRINER. I do think Children's Hospital should be consulted. However, I would anticipate any disagreement on the matter.

## FURTHER EXPLANATION OF ITEM PROPOSED

Senator BYRD. Mr. Tobriner, I don't know how the House subcommittee feels about this, but it seems to me it would not be amiss if we proceeded to explore the matter and see if the reaction from people at Children's Hospital would be as we think it would be and perhaps in the meantime we could get some indication from Mr. Campbell as to whether or not the General Accounting Office could lend some assistance. Was any thought such as this thrown out by the House subcommittee?

Dr. GRANT. Not during this past hearing, Mr. Chairman.

Senator BYRD. This is a little aside in a way from the supplemental request, but it ties in.

Apparently the troubles are not going to end even with this appropriation. Mr. Tobriner, do you have anything further in connection with the supplemental request?

## SETTLEMENT OF CLAIMS AND SUITS

Commissioner TOBRINER. I do not, sir, other than the matter of the claims, \$7,228, but they are more or less mandatory.

Senator BYRD. Yes, they are. So you have nothing more on this point that we have been discussing?

Commissioner TOBRINER. No, sir.

Senator BYRD. Mr. Duncan, do you have anything?

Mr. DUNCAN. I think not. I think we have gone pretty thoroughly into it.

Senator BYRD. Dr. Grant? General Duke?

As you say, Mr. Tobriner, I think the remaining item is one that is mandatory, so we don't have to go into this one.

I have nothing further. I trust we have not imposed too greatly on your weekend.

The committee will resume its hearings on Monday at 9:30 a.m.

(Whereupon, at 12:25 p.m. Saturday, August 15, 1964, the committee was recessed, to be reconvened at 9:30 a.m. Monday, August 17, 1964.)

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The following is a list of the names of the persons who have been admitted to the membership of the Society since the last meeting of the Council.

Name	Address
Mr. J. H. Smith	123 Main St., New York
Mr. W. D. Jones	456 Broadway, New York
Mr. R. E. Brown	789 Park Ave., New York
Mr. T. G. White	1010 Fifth Ave., New York
Mr. C. F. Green	1212 Third Ave., New York
Mr. B. A. Black	1414 Second Ave., New York
Mr. M. L. Gray	1616 First Ave., New York
Mr. N. O. Blue	1818 West 125th St., New York
Mr. P. Q. Red	2020 East 125th St., New York
Mr. S. R. Purple	2222 East 125th St., New York
Mr. U. V. Yellow	2424 East 125th St., New York
Mr. X. W. Orange	2626 East 125th St., New York
Mr. Y. Z. Pink	2828 East 125th St., New York
Mr. A. B. White	3030 East 125th St., New York
Mr. C. D. Green	3232 East 125th St., New York
Mr. E. F. Brown	3434 East 125th St., New York
Mr. G. H. Black	3636 East 125th St., New York
Mr. I. J. Gray	3838 East 125th St., New York
Mr. K. L. Blue	4040 East 125th St., New York
Mr. M. N. Red	4242 East 125th St., New York
Mr. O. P. Purple	4444 East 125th St., New York
Mr. Q. R. Yellow	4646 East 125th St., New York
Mr. S. T. Orange	4848 East 125th St., New York
Mr. U. V. Pink	5050 East 125th St., New York
Mr. W. X. White	5252 East 125th St., New York
Mr. Y. Z. Green	5454 East 125th St., New York
Mr. A. B. Brown	5656 East 125th St., New York
Mr. C. D. Black	5858 East 125th St., New York
Mr. E. F. Gray	6060 East 125th St., New York
Mr. G. H. Blue	6262 East 125th St., New York
Mr. I. J. Red	6464 East 125th St., New York
Mr. K. L. Purple	6666 East 125th St., New York
Mr. M. N. Yellow	6868 East 125th St., New York
Mr. O. P. Orange	7070 East 125th St., New York
Mr. Q. R. Pink	7272 East 125th St., New York
Mr. S. T. White	7474 East 125th St., New York
Mr. U. V. Green	7676 East 125th St., New York
Mr. W. X. Brown	7878 East 125th St., New York
Mr. Y. Z. Black	8080 East 125th St., New York
Mr. A. B. Gray	8282 East 125th St., New York
Mr. C. D. Blue	8484 East 125th St., New York
Mr. E. F. Red	8686 East 125th St., New York
Mr. G. H. Purple	8888 East 125th St., New York
Mr. I. J. Yellow	9090 East 125th St., New York
Mr. K. L. Orange	9292 East 125th St., New York
Mr. M. N. Pink	9494 East 125th St., New York
Mr. O. P. White	9696 East 125th St., New York
Mr. Q. R. Green	9898 East 125th St., New York
Mr. S. T. Brown	10100 East 125th St., New York



# THE SUPPLEMENTAL APPROPRIATIONS BILL FOR 1965

MONDAY, AUGUST 17, 1964

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U.S. SENATE,  
COMMITTEE ON APPROPRIATIONS,  
*Washington, D.C.*

The committee met at 9:30 a.m., pursuant to recess, in room S-128, the Capitol, Hon. Carl Hayden (chairman of the committee) presiding.

Present: Chairman Hayden, Senators Ellender, Holland, Saltonstall, Young, and Allott.

## DEPARTMENT OF DEFENSE

### CIVIL FUNCTIONS

#### INTEROCEANIC CANAL COMMISSION ; SALARIES AND EXPENSES

STATEMENTS OF HON. STEPHEN AILES, SECRETARY OF THE ARMY; BRIG. GEN. HOWARD W. PENNEY, DEPUTY DIRECTOR OF CIVIL WORKS FOR COMPREHENSIVE PLANNING, OFFICE OF THE CHIEF OF ENGINEERS; LT. COL. WALTER J. SLAZAK, DIRECTOR, NUCLEAR CRATERING GROUP, CORPS OF ENGINEERS; MERRILL WHITMAN, SECRETARY, PANAMA CANAL COMPANY; MAJ. GEN. JACKSON GRAHAM, DIRECTOR OF CIVIL WORKS, OFFICE OF THE CHIEF OF ENGINEERS; LT. COL. ROBERT W. McBRIDE, ASSISTANT DIRECTOR OF CIVIL WORKS FOR NUCLEAR CONSTRUCTION, OFFICE OF THE CHIEF OF ENGINEERS; B. JOSEPH TOFANI, CHIEF, PROGRAMS DIVISION, CIVIL WORKS, OFFICE OF THE CHIEF OF ENGINEERS; JOHN KELLY, DIRECTOR OF DIVISION OF PEACEFUL NUCLEAR EXPLOSIVES, ATOMIC ENERGY COMMISSION

#### SEA LEVEL INTEROCEANIC CANAL ACROSS ISTHMUS

Senator ELLENDER (temporarily presiding). We are glad to have you, Mr. Secretary.

Secretary AILES. Thank you, Senator.

Senator ELLENDER. I understand the first matter is an appropriation for \$5 million for a study of how to proceed with the construction of another canal across the isthmus.

Secretary AILES. Yes, sir.

Senator ELLENDER. I will insert the justification in the record at this point.

(The justification referred to follows:)

DEPARTMENT OF DEFENSE—CIVIL FUNCTIONS, INTEROCEANIC CANAL COMMISSION

SALARIES AND EXPENSES

For expenses necessary for an investigation and study, including surveys, to determine the feasibility of, and the most suitable site for construction of a sea level canal connecting the Atlantic and Pacific Oceans, \$5 million, to be available until expended: *Provided*, That this appropriation shall be available only upon enactment into law of S. 2701, 88th Congress.

INTEROCEANIC CANAL COMMISSION

(S. 2701, 88th Cong.)

Location and description: Three general routes in Central America will be investigated to determine the feasibility of, the most suitable site for, and the best means of constructing an interoceanic sea-level canal. These routes are the present Canal Zone and two routes in remote, undeveloped, typical jungle area: one in the Darien region of Panama and the other in northwest Colombia. The studies will consider converting the present Panama Canal in the zone to a sea-level canal and the use of nuclear methods at the other sites.

*Summarized financial data*

Total estimated cost.....	\$17,500,000
Appropriation prior to fiscal year 1965.....	0
Appropriation requested for fiscal year 1965.....	5,000,000
Balance to complete after fiscal year 1965.....	12,500,000

JUSTIFICATION OF ESTIMATE

1. The amount of \$5 million is requested for fiscal year 1965 to initiate interoceanic canal studies. The law authorizes the President to appoint a commission to determine the feasibility of, most suitable site for, and best means of constructing an interoceanic sea-level canal. The commission would make a full investigation, including on-site surveys and considering national defense, foreign relations, intercoastal shipping, interoceanic shipping, and other matters determined to be important; render interim reports to the President and Congress; and report its findings and conclusions to the President and Congress. Present estimates indicate that these investigations could be completed in about 4 years. The U.S. Army Corps of Engineers and the U.S. Atomic Energy Commission would be major participants in the site surveys and engineering studies. It is requested that the amount of \$5 million be appropriated to cover the activities of all participants during fiscal year 1965.

*Program summary*

[Costs in thousands of dollars]

Program	Estimated total cost	Appropriation requested, fiscal year 1965	Balance to complete after fiscal year 1965
1. Data collection.....	14,463	4,538	9,925
2. Data evaluation.....	2,037	232	1,805
3. Commission support and special studies.....	1,000	230	770
Total.....	17,500	5,000	12,500

JUSTIFICATION

2. The on-site surveys and feasibility studies consist of a data collection program, a data evaluation program, and special studies as may be assigned by the Commission to complete the report.

(a) *Data collection.*—Preliminary studies have been made of the engineering problems associated with nuclear excavation of a sea-level interoceanic canal. These studies were made using the limited site information currently available. The safety problems were evaluated by establishing tentative criteria, determining the sensitive areas near each of the proposed routes and then defining the areas within which potential effects could be of concern. These studies served to identify the nature and extent of the specific site data needed to make a valid estimate of the cost and safety.

(1) There is sufficient engineering information available on the sea-level route in the Canal Zone to permit a thorough study and accurate estimate of the cost of constructing a canal in this location by conventional means.

(2) As there are insufficient scientific and engineering data on the other two remote routes to make an accurate estimate of the cost and safety of constructing a canal at those locations by nuclear methods, a comprehensive effort is needed to collect data on these routes by field survey.

(3) Collection of data required will take approximately 2 years of field effort. The area of the two remote routes has one dry season of approximately 4 months' duration. This dry season begins in January. In fiscal year 1965 data collection would begin in January 1965.

(b) *Data evaluation and engineering studies.*—To determine the technical feasibility for, the cost of, and the best means of accomplishing the construction of a sea-level canal, will require two types of studies: Engineering studies dealing with the construction problems and safety studies dealing with the evaluation of, and control of effects of nuclear detonations.

(1) With the input of field data from the collection effort, the most feasible and economical canal alignment and nuclear excavation schedule can be determined.

(2) Using the proposed canal alignment and nuclear excavation schedule in conjunction with data collected in the field, an evaluation can be made of the safety problems and a safety program can be devised for the control of these problems.

(3) Engineering studies are necessary to evaluate the costs and effort required to construct the supporting facilities to the sea-level canal project.

(4) Navigation studies are required to determine estimates of base-year commercial traffic for each route and to estimate navigation benefits over the economic life of the canal.

(5) There is an interrelation of all types of studies described above and a coordinated and concurrent effort will be required to finalize the ultimate conclusion, the feasibility of, the cost of, and the best means available for constructing a sea-level canal.

(6) Since the studies are dependent on the collection of field data only a very small part of the evaluation effort would be accomplished in fiscal year 1965.

(c) *Commission support and special studies.*—In fiscal year 1965 the Commission would be formed. It is anticipated the Commission would require the advice of eminent consultants in many areas. It is also anticipated that the Commission would require studies of a broad national scope such as national defense, foreign relations and economic impact made by the most knowledgeable persons or agencies available in the particular area of interest.

TABLE 1.—*Data collection*

[In thousands of dollars]

Activity	Estimated total cost	Appropriation requested for fiscal year 1965	Balance required after fiscal year 1965
(a) Topography, geology, and hydrography.....	2,256	984	\$1,272
(b) Hydrology.....	1,475	0	1,475
(c) Meteorology.....	4,267	1,079	3,188
(d) Seismic effects.....	160	42	118
(e) Population, ecology and economic resources.....	2,054	489	1,565
(f) Management and general support of field surveys:			
Executive agency.....	3,665	1,627	2,038
AEC.....	586	317	269
Total.....	14,463	4,538	9,925



## JUSTIFICATION

3. *Data collection program*

(a) *General.*—There is sufficient engineering information available on the sea-level route in the Canal Zone to permit a thorough study and accurate estimate of cost of constructing a canal in this location by conventional methods. There are insufficient scientific and engineering data available on the other two remote routes to make an accurate estimate of the cost and safety of constructing a canal at these locations by nuclear methods. A comprehensive effort is needed to collect data on these routes by field survey. Collection of the data described will require approximately 2 years of field effort.

(b) *Data collection.*—The information needed for these studies can be classed under two major categories—that required for engineering studies dealing with construction problems related to the canal and that required for safety studies dealing with control of effects of nuclear detonations. The data collection program is planned such that the data collected can be used both for engineering and safety studies without duplication of effort. The management and logistical support of the data collection is included under this program.

(1) Data collection for engineering studies: The sea-level canal project will consist of the excavation of a navigation channel supported by conventional construction to provide the operating facilities. The topography, geology, hydrography, and hydrology of the area will affect the feasibility of construction, the canal alignment, and the cost of construction.

(a) The dimensions of a channel produced by a detonation of a row of nuclear charges depend on the explosive yields, depths of burial, spacing of the charges, nature of the material and ground configuration. The sea-level canal must be excavated through terrain elevations varying from below sea level to as much as 1,000 feet above mean sea level. Materials encountered will vary from unconsolidated water-saturated alluvium to extremely hard igneous rock. Geologic formations encountered may vary from layers of sedimentary materials which may be relatively flat or tilted and folded to large masses of igneous rock which may or may not be faulted. The cost of nuclear excavation depends on the number and yield of the devices and the diameter and depth of the emplacement holes which must be drilled in each type of material. Slope stability considerations are dependent on the materials encountered. Conventional excavation required to correct slope stability problems could add significantly to excavation costs.

(b) The major items of cost included under conventional construction will be river diversion, flood control, construction camps and permanent townsites, harbor development, and roads. The need for river diversion and flood control must be determined by the hydrology of the drainage basins and the effect of the sea-level canal on the drainage of the area. The cost of harbor development will depend on the nature of the coastline and the specific site chosen for the canal. The costs of townsites and roads will be determined by the topography, geology, and drainage conditions in the area.

(c) Thus, in order to obtain meaningful engineering studies and associated costs, it is essential to secure basic data on topography, geology, hydrology, and hydrography.

(2) Data collection for safety studies: In order to evaluate the safety aspects of underground nuclear detonations, input data is required on meteorology, population, and ecology (bioenvironmental survey) and the seismic effects (ground shock).

(a) *Meteorology:* Meteorological data is required to predict the aerial extent and intensity of the fallout from underground nuclear detonations and to predict airblast phenomena.

1. The nature, extent and intensity of the fallout pattern must be determined. The extent and intensity of the fallout are largely determined by atmospheric stability, the speed and direction of the winds which carry the radioactive particles downwind and precipitation. The type of device and the depth of burial will influence the amount of

radioactivity that is vented into the atmosphere. The nature of the radioactivity with reference to the type and proportion of the nuclides produced is dependent on the type of device and the chemical composition of the medium.

2. **Airblast:** Airblast can be transmitted to distances of 100-300 miles from a detonation due to ducting of the wave in the ozonosphere. The transmission of these blast waves is a function of the air temperature and wind speed and direction at altitudes from 100,000-200,000 feet. Knowledge of the ozonospheric winds and the types of cultural features in the areas of concern are needed to predict airblast intensities at critical points and determine that proper controls can be established.

(b) **Population, ecology, and natural resources:** The initial phase in the survey of population, ecology, and natural resources will be to compile all available data both by study of literature sources and through liaison with scientific and engineering organizations which have done related survey work in the isthmian region. The actual field surveys will involve sending scientific teams to the area of each route to study the people, animal and plant life, and cultural features. Depending on their fields of study, team members may be engaged in fieldwork from 3 months to as much as 2 years.

Teams of specialists in the life sciences will visit native habitations and established villages. Other teams will establish study plots for sampling and studying animal and plant life and natural processes in typical environments along each canal route. Studies of marine life and the ocean environment will be made by scientific parties operating from shore and aboard an oceanographic vessel.

(c) **Seismic:** A large nuclear detonation may affect cultural features many miles from the explosion due to ground motion produced by the propagation of seismic waves through the earth. For a given yield, the response of a structure is dependent on the medium in which the detonation occurs, the distance to the structure, the geologic conditions through which seismic waves are transmitted, the medium at the location of the structure, and the type structure in question. Nuclear detonations may generate water waves in coastal waters. The explosion-generated water waves are affected greatly by the depths and bottom configuration of the coastal waters and the nature of the adjacent land areas. Thus, information is required on the geophysical properties affecting seismic wave generation and propagation hydrography of coastal waters, and the vulnerability of structures in the area of concern to assess potential effects on native facilities and construction camps and to establish a means of control, if needed.

(3) **Management and general support of field surveys:** Management and general support of the field surveys include the necessary planning and mounting of the operation, the supervision and management of the data collection effort in the field and the provision of logistical support and control facilities in the field. Actions that would be taken prior to actually mounting the data collection effort include site visits to the routes, organization, and phasing of the data collection effort in the field and placing advance parties on the ground.

Management costs include costs for a small staff of the Assistant to the Chief of Engineers for Interoceanic Canal Studies, costs of the Corps of Engineers field agency which plans and conducts the operation and costs of AEC management in the field. General support costs include the operation of a field office in the Canal Zone, the construction and operation of field offices at the sites, the receipt, storage and distribution of supplies at the sites, the provision of communication facilities and the provision of medical support.

(4) **Projected progress for fiscal year 1965:** The projected progress for fiscal year 1965 is as follows: The data collection effort would be coordinated and planned in detail by all interested agencies. The topographic and surface geological surveys would be completed. Two meteorological stations would be installed and data collection begun. The population, ecological, and economic surveys would have begun, including the marine environment surveys.

TABLE 2.—Data evaluation and engineering studies

Activity	Total appropriation	Appropriation requested for fiscal year 1965	Appropriation required to complete
(a) Nuclear excavation studies.....	138	31	\$107, 000
(b) Safety studies:			
Radioactivity.....	770	34	736, 000
Airblast.....	55	0	55, 000
Seismic effects.....	99	3	96, 000
AEC coordination and support.....	315	100	215, 000
(c) Engineering studies.....	660	64	596, 000
Total.....	2, 037	232	1, 805, 000

## JUSTIFICATION

*4. Data evaluation and engineering studies*

Data evaluation and engineering studies include nuclear excavation studies, safety studies, and engineering studies. The safety studies include studies with respect to radiological safety, airblast effects, and ground shock (seismic) effects. Engineering studies include the study for converting the present Panama Canal to a sea-level canal, a flood control study, studies of cost of conventional support for a sea-level canal, and navigation and traffic studies.

(a) The nuclear excavation studies using the data on topography, geology, hydrography, and hydrology will determine the most feasible and economic canal alignment, channel design, and nuclear detonation schedule. The nuclear detonation schedule will include the number and type of devices to be used as well as the depth of burst for each device. The data obtained on meteorology, airblast, and seismic effects will be incorporated into the safety studies. The results of these safety studies must be considered in the selection of the most feasible and economical canal alignment and nuclear detonation schedule.

(b) The specific aim of the safety studies is to evaluate potential radiation and physical effects.

(1) The radioactivity safety studies using the results of the nuclear excavation studies and data obtained on meteorology, population, ecology, and economic resources, hydrology, geology, and topography, would evaluate the radioactive safety aspects of the proposed nuclear excavation program and would describe a course of action required to adequately provide for radiological safety if and when the proposed nuclear excavation is performed.

(2) The airblast studies will determine from meteorological data and the data obtained from the types of structures in the area up to 300 miles from the site, the size of the largest yield device to be used and the timing of its use.

(3) The seismic studies will determine (using data on geology, geophysical surveys, and the types of structures within an area up to 50 miles from the sites) the largest yield device that can be used in the nuclear excavation program and evaluate the effects of ground shock within this area.

(c) Engineering studies will include the following:

(1) Study of the conversion of the present Panama Canal to sea level within the zone to determine the problems involved, the best means of constructing a sea-level canal, and the estimated cost thereof. Adequate engineering data is now available with respect to onsite conditions.

(2) Navigation studies to determine estimates of commercial traffic which could be expected to use each of the three proposed routes and to estimate transportation savings which would accrue to each of the routes over the economic life of the canal.

(3) Flood control and hydraulic design studies to determine the methods to be used for effective flood control and river regulation, canal and tidal hydraulics, and design of approaches to each canal.

(4) Conventional support studies to determine supporting construction required for each of the three routes and the cost thereof.

(d) During fiscal year 1965 nuclear excavation studies would be initiated to select tentative alignments for the nuclear-excavated canals. Preliminary work



on the radioactivity and seismic studies would begin. The study of conversion of the present Panama Canal to a sea-level canal would be started.

TABLE 3.—*Commission support and special studies*

[Costs in thousands]

	Estimated total costs	Appropriation requested for fiscal year 1965	Balance required after fiscal year 1965
(a) Commission administration.....	\$263	\$65	\$198
(b) Consultant fees.....	168	42	126
(c) Special studies.....	569	123	446
Total.....	1,000	230	770

## JUSTIFICATION

5. *Commission support and special studies*

The Commission by law is composed of five to seven members. Commission expenses will be required for the five members. An Executive Secretary will be required on a full-time basis to prepare agendas, collect material, arrange for consultants, and in general to conduct all Commission business.

A Board of Consultants will be composed of eminent scientists, economists, engineers, etc., who would serve on an "on-call" basis to meet the specific needs of the Commission. During the course of the surveys, problem areas must be resolved. It is envisioned that the problem areas would be of a broad national scope, and the resolution of these problem areas would be required by Congress and by the American people. Special studies will be required for this purpose.

## PRESENTATION OF STATEMENT

Senator ELLENDER. Have you a prepared statement?

Secretary AILES. Yes, sir; I do.

Senator ELLENDER. All right. You may read it if you wish.

## STATEMENT OF SECRETARY AILES

Secretary AILES. Mr. Chairman, I appear before this committee in support of the administration's appropriation request for fiscal year 1965 funds for investigations and studies regarding a sea level inter-oceanic canal across the American isthmus.

As you know, authorization for this appropriation is included in S. 2701, which was passed by the Senate on March 30, 1964, which was reported out by the House Merchant Marine and Fisheries Committee on August 6, 1964, and which is now before the House. S. 2701 authorizes the investigation and study, including onsite surveys, necessary to determine the most suitable site and means of construction of a sea-level canal, as a successor to the present Panama Canal.

## AMOUNT REQUESTED FOR STUDY

The study authorized by the legislation would be made by a Commission to be appointed by the President. The House Committee on Merchant Marine and Fisheries recommended an amendment to the bill limiting the money authorization to \$17.5 million. That figure is based on information supplied by the Department of the Army. Our fiscal year 1965 budget request for the first year of this work is \$5 million.

Speaking both as the President's representative for the supervision of affairs concerning the Panama Canal and also as a representative of the Department of Defense, I strongly support the purpose of S. 2701 and the appropriation request for fiscal year 1965 funds for this purpose, without which it would be impossible for the necessary work to be accomplished on the schedule now visualized.

The funds which we are requesting would, we propose, be provided to the Inter-oceanic Canal Commission which the President will appoint.

#### PRELIMINARY PLANS DEVELOPED

Since the Commission is not yet in existence and cannot be until the necessary legislation is enacted, the Corps of Engineers of the Department of the Army has developed the necessary preliminary plans for the surveys and a fiscal year 1965 budget request, working in coordination with the Department of State, the Atomic Energy Commission, the Panama Canal Company, and the Bureau of the Budget.

Maj. Gen. Jackson Graham of the Corps of Engineers and several of the officers who worked with him in the development of the plans and budget are with me here today to testify in detail on the budget request.

On my right is General Penney who has worked directly with this project. On my left is Colonel Slazak who has worked on the nuclear explosions part of it and Mr. Kelly of the Atomic Energy Commission is here also today. Also Mr. Merrill Whitman, who is Secretary of the Panama Canal Company.

#### POLICY ASPECTS OF SUBJECT

First, however, I would like to comment briefly on certain policy aspects of this subject.

As the committee is well aware, studies of various alternate proposals concerning a new canal or major changes in the existing Panama Canal have been conducted from time to time over the past 20 years or so. In the last several years, particularly, the executive branch, within the limits of its regular resources, has been doing preliminary studies on the need for, method of construction of, location of, and cost of a sea-level canal, considering a number of alternative possible sites in the general area of Central America and Colombia.

Under Presidents Eisenhower, Kennedy, and Johnson, investigation of various aspects of this matter has been conducted by the Panama Canal Company, the Corps of Engineers, the Atomic Energy Commission, and other agencies.

A combination of economic, political, and strategic considerations makes it highly desirable to proceed with the necessary studies. Analysis to date indicates that the United States should proceed expeditiously in the belief that eventual construction of a sea-level canal is desirable and in our national interests.

#### VULNERABILITY OF PRESENT PANAMA CANAL

The existing Panama Canal is vulnerable to lengthy interruption of service through sabotage or accident, an event which would be

damaging to our strategic and military interests and to international commerce. I brought a map of the existing canal with me which shows Gatun Lake, which is the essence of the canal operation. The point is that any kind of explosion under the Gatun Dam, which is at the lower end of the lake, which would let the water out would put the present canal out of operation for 2 years.

In addition, the ever-increasing demands on the existing canal indicate that in about 35 years or before the turn of the century, it will be at or reaching the limit of its potential capacity and there will be substantial delays and increasing inconvenience to shipping as the limit is approached.

#### LIMITATIONS OF PRESENT CANAL

Between now and the final saturation point, the limitations of the present canal, both in traffic and ship sizes, will become progressively more serious. Even today, there are 24 U.S. naval vessels and some 50 commercial ships which cannot pass through the canal, and an additional 556 commercial vessels cannot go through fully laden. Further, the size of the existing locks, 1,000 feet long and 110 feet wide, has undoubtedly limited larger ship construction.

Finally, the difficulties which have been experienced between the United States and Panama over the present canal and Canal Zone emphasize the advisability of expediting early consideration and a final decision on an alternate, sea-level canal.

Once that decision is made, the difficulties with Panama will be more manageable. The reason is that most of these difficulties would not be likely to arise with respect to a sea-level canal. A sea-level canal would not present, as does the present canal, major security problems or the need for a large personnel complement to operate and administer it. Thus, an agreement with the country through which a sea-level canal would pass could and undoubtedly would be very different from the existing treaties with Panama.

#### FINAL DECISIONS NECESSARY

It is my opinion that the United States should immediately embark on a course of action designed to enable the Government to reach a final decision on a series of vital questions: Whether such a canal is feasible, where and when it should be built, and by what means, and under what arrangements?

The expenditure of funds which we are requesting here today is required if the steps which necessarily precede this decision are to be taken in timely fashion.

This concludes my prepared statement, except that I would like to say, on behalf of the administration, that we appreciate very much your cooperation in conducting this hearing so promptly, and before final action on the authorization legislation.

#### STUDIES CONDUCTED

Senator ELLENDER. Of course, Mr. Secretary, you know any funds provided could not be used unless the House and Senate pass the authorization.



Secretary AILES. Yes, sir. I am quite aware of that.

Senator ELLENDER. Now, you mentioned that some studies have already been made. Can you give the committee a little more information about those studies?

Secretary AILES. Yes, sir.

Senator ELLENDER. Who made those studies?

Secretary AILES. The Panama Canal Company has been studying this problem, really, throughout its existence. The studies that have been made are studies like traffic-flow studies, traffic projections.

Senator ELLENDER. Not on-the-ground studies; were any studies made on location?

Secretary AILES. No, sir. There has been some aerial mapping done of these routes by the Inter-American Geodetic Survey so that we get some topographic information. But the kind of studies that have to be made if you are going to find out if you can dig a canal by nuclear means have not been made.

Senator ELLENDER. Is it not a fact that the main reason for this appropriation is to make that determination?

Secretary AILES. Yes, sir.

#### ESTIMATED COST OF STUDIES

Senator ELLENDER. What will be the ultimate cost of a study on having it constructed by means of nuclear devices?

Secretary AILES. It depends on which route. If the canal can be built on the Sasardi-Morti route, Route No. 17, which shows on that map, in Panama, the construction cost is around \$700 million.

Senator ELLENDER. I did not mean the the cost of the canal. I am talking about the cost of the study.

Secretary AILES. \$17.5 million, total.

Senator ELLENDER. I notice in some document that was presented to me pursuant to the hearings that were held by the Senate Committee on Commerce there was a cost figure of \$70 to \$80 million for the cost of a study as to whether or not it could be done by cratering with nuclear devices.

Secretary AILES. I am not familiar with that figure, sir. It would cost about \$10 million to take a thorough look at this Sasardi-morti route and about \$11 million in Colombia, if done as separate projects.

Together, you can do them for less, because a lot of work you do for one goes for both. There are meteorological studies that have to be made to be sure that the nuclear devices can be exploded safely. We have estimated that you can examine both of these and do some more work to be sure what the cost would be of making a sea level canal at the present zone by conventional means. You can make all three studies for \$17.5 million. That is why that figure appears.

#### SENATE HEARINGS

Senator ELLENDER. I read from the hearings held in the Senate. There is a statement appearing as follows:

I estimate that it would require 7 years and \$70 to \$80 million to develop this technology.

Secretary AILES. What page are you reading from, Senator?

Senator ELLENDER. Page 39.

Secretary AILES. I wonder if Mr. Kelly can speak there.

Senator ELLENDER. That is Dr. Seaborg testifying.

Secretary AILES. Mr. Kelly from the AEC is here. What that refers to, I am sure, is the whole business of cratering experiments which are separately financed and which have been going on for some time.

Senator ELLENDER. Won't those studies also have to be made before you can recommend the use of these nuclear devices for constructing a new canal?

Secretary AILES. Yes, sir. That has to be done anyway. That is underway now. Can Mr. Kelly speak to that? I think he is in charge of the program.

#### STATEMENT OF JOHN KELLY, AEC

Mr. KELLY. My name is John Kelly. I am the Director of the Division of Peaceful Nuclear Explosives of the Atomic Energy Commission. I think Secretary Ailes has already answered it pretty well.

We do have an ongoing program, and have had for several years, to develop the technology for using nuclear explosives for earthmoving or excavation work, of which digging canals would be one type. Digging harbors and roadways and lots of other things are other types.

It is our estimate that in order to develop this technology to the point that it could be used for a new canal would take about 5 years and would cost in the order of \$70 million. This program is underway and is not being done solely for the canal.

#### USE OF NUCLEAR DEVICES

Senator ELLENDER. Would you do something special in order to determine the cost of excavating the canal by means of nuclear devices?

Mr. KELLY. I doubt if we would do anything special. All of the things that we need to do for this canal we want to do anyway.

Senator ELLENDER. What have you in mind doing? Simply to determine how nuclear energy can be used for peaceful means? Is that the idea?

Mr. KELLY. Yes.

Senator ELLENDER. You are not prompted to undertake special studies because of the study relating to the construction of this canal, are you?

Mr. KELLY. Not entirely. Of course, that is one of many projects that we would hope we could do.

#### ADDITIONAL PROJECTS

Senator ELLENDER. What are some of the other projects you have in mind?

Mr. KELLY. There is one down in Tennessee. There is one out in California, which the Santa Fe Railroad and the State highway department are interested in. There is a large water diversion project in California, the west side feeder system, I think, they call it. Then there is a host of other projects in other countries.

Senator ELLENDER. Since the Atomic Energy Commission seems to be doing the work to determine how it could be accomplished through nuclear devices, what will the \$17.5 million be used for?

## INCLUSION OF FUNDS FOR AEC

Secretary AILES. We can go into that at some length.

Senator ELLENDER. Just give us a thumbnail sketch.

Secretary AILES. A thumbnail sketch of it is that on the nuclear side we have to go in and make on-site surveys, including test borings to find out what the subsurface geology is of these routes, so that the Atomic Energy Commission and the Corps of Engineers can make the analyses to enable them to find out what size device has to be used; what is the cratering effect of various devices in geology of this type; what is the fallout effect; and whatnot. Then, a great deal of work has to be done to assure the safety of this operation down there.

Senator ELLENDER. Who will do that?

Secretary AILES. This study group. It is included in what this money pays for.

Senator ELLENDER. You mean it is included in this \$17.5 million estimate?

Secretary AILES. Yes, sir.

Senator ELLENDER. I thought the Atomic Energy Commission did a lot of research along that line.

Secretary AILES. They are going to participate in this analysis also.

Senator ELLENDER. Are you going to pay them for these studies?

Secretary AILES. Yes, sir.

Senator ELLENDER. Will it be done on a reimbursable basis?

Secretary AILES. Approximately half of the \$5 million that we have asked for here would actually be paid to the Atomic Energy Commission to support the work that they are doing here. General Penney can run over this very quickly if you would like it.

## SITES UNDER CONSIDERATION

Senator ELLENDER. Before you do that, as I understand, you have three sites according to that chart that you have before us that you expect to investigate.

Secretary AILES. Yes, sir. One of them is where the present Panama Canal is. For this location we only anticipate the expenditure of about \$60,000 out of the \$5 million for engineering analyses. We have studied the question about three times. There are a lot of us who believe you could lower the present canal to a sea level canal at lower cost than the current estimate. The current estimate is \$2¼ billion.

Senator HOLLAND. How long would that interrupt passage of ships through the present canal?

Secretary AILES. That estimate is about 14 days. But it takes 12 years to do the job. They have to dredge that channel through Gatun Lake, and Gatun Lake has a lot of water in it, down to sea level depth.

## TIDES IN ATLANTIC AND PACIFIC OCEANS

Senator ELLENDER. What is the difference in the height of the water in the Atlantic compared to the Pacific?

Secretary AILES. Put it this way: There is about a 3-foot tide on the Atlantic side and about a 20-foot tide on the Pacific side.



Senator ELLENDER. That, in itself, would cause quite a bit of difficulty in navigating the sea level canal.

Secretary AILES. Well, sir, they used to think that you would have to build a tidal lock in a sea level canal, but recent studies indicate that the current wouldn't be over about 5 knots and that the matter can be handled all right.

#### GATUN LAKE

Gatun Lake is 85 feet above sea level at the present time. That is what makes the dredging job difficult if you undertake to take that floor down to 60 feet below sea level.

As I understand it, they can take out a lock on either side and let the water down that much after they have done the first digging, and so on. But we would like to make a study to see whether or not the digging of the sea level canal at that site by conventional means cannot be brought down to a more reasonable figure.

Senator ELLENDER. Would that pose any difficulties in the possible destruction of this lake?

Secretary AILES. I don't believe so, sir,

Senator ELLENDER. You don't?

Secretary AILES. No, sir. The lake is fairly shallow through most of the area. It is surrounded mostly by jungle at the present time.

#### TREATY AGREEMENTS

Senator ELLENDER. What treaty agreements have you made so far with the countries in which the routes you propose to study are located?

Secretary AILES. None, sir.

Senator ELLENDER. You don't expect to go in there and make your studies without reaching an agreement with those countries?

Secretary AILES. No, sir. What we have sought to do is to be authorized by Congress to make these analyses and then at that point seek their agreement.

Senator ELLENDER. Why put the cart before the horse? Don't you think it would be advisable for us to find out whether or not we can obtain permission to study and construct a canal at the various sites that you have outlined on this chart?

Secretary AILES. I suppose so, sir. It is hard to decide which would occur first. Needless to say, we have had discussions of these subjects. This is really the State Department's aspect of the problem. But no real serious difficulty is anticipated on our being able to obtain the necessary rights to go in there.

#### ATTITUDE OF PANAMA

Senator ELLENDER. How do you know that? We have had a lot of trouble with Panama.

Secretary AILES. Yes, sir.

Senator ELLENDER. Of course, Panama probably will assume a different attitude when we talk about locating a canal in some other country.

Secretary AILES. Yes, sir. I have, myself, participated in some of

the discussions with Panamanian representatives. Of course, everybody realizes that in due course this move is going to have to be made. The Panamanians' basic feeling is, I suppose, that if there is to be a new canal they just might as soon have it in Panama as anywhere else. In fact, they would prefer to.

#### ALTERNATE SITES

Chairman HAYDEN. Is there any other alternate site nearby that does not go through Panama, such as in Colombia?

Secretary AILES. Yes, sir. That is on this map here where it says Route No. 25, the Atrato-Truando Route. That is in Colombia.

Senator ELLENDER. You have another route that President Roosevelt promised, as I remember, to build in Nicaragua.

Senator HOLLAND. We have an option on that. We have the authority already on that route.

Secretary AILES. That is correct.

Senator ELLENDER. We spent, I don't know how many millions, to build the Rama Road which was to be used to carry goods from one ocean to the other by trucks and other motor vehicles.

#### SURVEYS IN NICARAGUA

Secretary AILES. Yes, sir. We have actually made some recent surveys in Nicaragua. We had the Inter-American Geodetic Survey make some analyses down there within the past year. The difficulty is, as I am sure you are aware, that route is a great deal longer. It may be the place to do it, but what we have thought is that we should proceed to make the analysis of the Sasardi-Morti Route in Panama and the Atrato-Truando Route in Colombia, as well as the existing Canal Zone, and take a look at that situation after we get these data. If necessary, then look at Nicaragua. On the face of it, it looks like the Colombia route or the Sasardi-Morti route in Panama is a much more feasible place to build a canal than is the route in Nicaragua.

Senator ELLENDER. As far as you know, then, there have been no treaties or no effort made to obtain a treaty from either Panama or Colombia to even make a study in those countries of a new route for a canal?

Secretary AILES. No, sir.

#### NECESSITY FOR SURVEY RIGHTS

Senator ELLENDER. You concede that will be necessary?

Secretary AILES. Yes, sir. We do not have survey rights outside the Canal Zone. In fact, I will go further. I not only think it is necessary to have the rights, I think it is necessary to have an understanding with those countries with respect to what the treaty would be under which we would operate such a canal before we go in and start spending any money to find out whether the route can be developed.

Senator ELLENDER. Are you going to spend this \$17.5 million without any treaty?

Secretary AILES. No, sir.

Senator ELLENDER. Do you expect to obtain this treaty before you start spending the \$5 million you are now requesting?

Secretary AILES. The necessary agreements; yes, sir. Absolutely.

## DISPOSITION OF PRESENT CANAL

Senator ELLENDER. Assuming that we construct a canal at another place, what will become of the present canal?

Secretary AILES. This is a legal question. What happens to the rights of the United States in the event we no longer use the zone as an interoceanic waterway? I think it is quite clear that if you had another canal, certainly a sea-level canal, that nobody would advocate that we try to operate this one at the same time in competition with another one.

Economically, it would not work. What is involved there is an interpretation of the existing treaty, as to where we would stand in the event we were not operating the canal.

## INVESTMENT IN CANAL

Senator ELLENDER. What about our investment in that canal? Has anybody given any thought to that?

Secretary AILES. Yes, sir.

Senator ELLENDER. To what effect? As I understand, we have \$280 million that we have tied up in the construction, which has been classified as nondepreciable, from which we did not get a dime up to now except the interest on the investment.

Secretary AILES. That is not the situation exactly. I'll tell you what the situation is. If you take the total amount of money that has been spent, which has been appropriated by Congress and spent in connection with the existing canal and if you include the interest which was not paid to the United States by the canal operation prior to 1952 when the present law was changed, we have paid out \$1,700 million in connection with the existing canal. The total—

Senator ELLENDER. Paid to whom?

Secretary AILES. This is the total U.S. cost for the construction and operation of the canal over 50 years. As a matter of interest, as you know, last Saturday was the 50th anniversary of the first ship transit.

Senator ELLENDER. Yes.

## RECEIPTS FROM CANAL

Secretary AILES. The receipts which the United States has taken in during that same period is \$1,100 million. So, we normally say that we have a \$600 million investment in the present canal.

However, about \$475 million of that is the imputed interest figure. Congress changed the law around 1950 and created the Panama Canal Company and since that date, the Canal Company has paid interest to the United States on the investment.

Prior to that time, the Congress appropriated the money that was spent, and the money that was received was paid into the Treasury.

Senator ELLENDER. On what sum is this interest being paid? Is it \$280 million?

Secretary AILES. No, sir. It is \$329 million.

Senator ELLENDER. I remember this nondepreciable item for the cut from 10 years ago. You folks tried to excuse this. I always thought that the investment in that digging should have been amor-



tized and collected a long time ago. That was the intention of Congress. Somehow it never was done.

The rates were not increased enough in order to do this. I am asking you if we dig another canal who is going to assume that \$329 million that we still have tied up in the nondepreciable items of the canal?

Secretary AILES. This is one of the issues that is involved. Let us suppose we dig another canal in Panama because that makes the problem simpler. If we dig another canal in Panama we want to find out the basis, what is the cost? The problem, Do you include the unamortized investment in the old one along with the new cost of the new one to find out what the enterprise has to pay back to be economically feasible?

Senator ELLENDER. I hope there is no question about that, Mr. Secretary. We have a lot of people who would suggest that we set that aside, you know, big hearts.

Senator SALTONSTALL. Would the Senator permit a question on what he is saying?

Senator ELLENDER. Certainly.

#### PRESENT CANAL OPERATION

Senator SALTONSTALL. It seems to me what you are saying to Senator Ellender is that this old Panama Canal would be given up; it is not economically feasible. Would there be enough traffic to use two canals?

Secretary AILES. I don't believe so, Senator. I honestly don't believe so. The canal operation at the present time is not a great moneymaking operation. I think the net operating income that was applicable for capital improvements last year was something like only \$1.5 million. This is in a situation when we are operating practically at capacity. Now, a sea level canal would funnel off a great deal of traffic.

The fastest transit time a ship can figure on in the present canal now is 8 hours, while the limitations of the present canal are expected to become progressively more serious in the future as traffic increases, for the sea level canal transit would be something like 4 hours. That is your competition. Of course, you would have to go further south a little bit to get to it, but I can't believe that a lock-type canal would compete successfully with the sea level canal. If the traffic fell off in it very substantially, it really would not be economical to operate it.

#### PANAMANIAN ATTITUDE

Senator YOUNG. I ask this question: It seems to me the most important thing is, Would we be secure in building a canal there? The changing sentiment is more and more in the direction of wanting to get us out of Panama so the Panamanians can take over the canal. They don't believe we have any rights there even though we have a treaty with them now.

Secretary AILES. I think there is no question about the situation being as you describe it, although actually you don't hear a great deal about wanting us out of there.

What the Panamanians would like is a revision of the treaty, the current treaty which, as you know, they consider to be an onerous treaty or an unfair treaty.

But the differences between the two canals is that the existing one is a difficult canal to defend, and it is a very expensive one to operate, which is the real answer to Senator Saltonstall.

#### PERSONNEL INVOLVED

We have about 14,000 people working on the present canal against perhaps 500 that would be needed for a sea level canal. Also, it is a very difficult one to defend. The sea level canal is not.

Senator YOUNG. I would think if there is more Communist infiltration down there they would want to get us out of there completely. The conditions in the Suez Canal finally resulted in the Egyptians taking over.

It was not Communist inspired but certainly the Communists won't want the United States to continue operating the canal or any new canal.

Secretary AILES. It should be clear that such a canal should not be built unless we were reasonably clear that we would have the political rights to build it and operate it and that we would be able to defend it.

Senator ELLENDER. Yes; and unless other users would be willing to fork up part of the cost to pay for this new canal.

Secretary AILES. Of course, they would do that through tolls.

#### CONTRIBUTIONS OF OTHER COUNTRIES

Senator ELLENDER. That would be the next question. Has any effort been made to make any new canal an international canal so that all countries who use it would contribute toward its construction?

Secretary AILES. This has certainly been considered and it may very well be the way to do it.

Senator ELLENDER. Don't you think we ought to?

Secretary AILES. It may very well be the way to do it.

Senator ELLENDER. Why put "may" in there?

Secretary AILES. The reason why there are doubts in my mind is that when other people pay for it, other people have some control over how it is operated, and so on.

Senator ELLENDER. What is wrong with that?

Secretary AILES. There may not be a thing wrong with it. As far as I am concerned, that is an open question and one which has to be thought through. What we are talking about here is let us find out where it can best be built and what does it cost to do it and then let us make the decisions about who should build it, how should it be financed, and so on.

#### EXPENSE OF PROJECT

Senator ELLENDER. My fear is that the Defense Department is going to say that this is necessary for our security and therefore, let Uncle Sam bear all the expenses. I am afraid that that will be the attitude but I hope it is not.

Secretary AILES. I hope it is not also.

Senator ELLENDER. Of course, it should not be.

Secretary AILES. There are a whole lot of questions that have to be resolved to determine who can best finance and operate this.

Senator ELLENDER. The thing that I don't like is that we are undertaking to pay the whole cost of the study to make the determination of what should be done without even trying to find out how it is going to be built and who will pay for it.

Now, when you speak of an expenditure of three-quarters of a billion dollars, that is quite a sum.

Secretary AILES. Yes, sir. I can assure you that this will not be spent until the arrangements are made. What we are trying to do is to save the time that would be lost if we are not able to proceed with this study. I am hopeful, myself, that we will be able to make the necessary arrangement fairly rapidly with these countries.

Senator ELLENDER. I express the hope that if and when a canal is built there that we will get others to join us and all the costs we put out in the studies as well as the amortization of our remaining investment in the Panama Canal will be included in the cost.

I think that ought to be done without any ifs and ands and wherefores.

Senator SALTONSTALL. Would the Senator permit an interruption?

Senator ELLENDER. Certainly.

#### TREATIES REGARDING CANAL OPERATION

Senator SALTONSTALL. Mr. Secretary, you have been discussing the treaties, and so on. There are two kinds of treaties, particularly if you have an international canal. Don't you have some agreement, although not a treaty, with a lot of nations who want to put their shipping through? That is one question. You say you want to make this survey, but you are not going to make it until there are established treaties.

Now, how many treaties do you have to make in those countries before you are going to make any survey and are those going to be presented to the Senate for confirmation?

Secretary AILES. Yes, sir.

Senator SALTONSTALL. Have you answered that already?

Secretary AILES. No, sir. I have not. We just talked generally about it. In the first place, we do have a treaty with Great Britain which calls for any canal in this isthmus to be opened for world shipping on even terms, which probably establishes the pattern of how any canal would be operated and the rights of other countries because the British and the United States have agreed that they would work together.

Fifty-five or sixty years ago we agreed that between the two of us we would see such a canal was always open to world shipping on even terms.

Senator ELLENDER. So, you think you already have that understanding?

Secretary AILES. I think that probably sets the pattern for whatever will be done here. But, before we would make this survey of the Sardi-morti Route, we would have to have survey rights from Panama.



It would be my view that we not only have to have the right to make the survey but that we have to know what sort of operating rights for the canal itself Panama would provide before we would go in and spend the money. We have to have, in non-State Department language but as a lawyer what I would call, an option on the basic arrangements that would go into the future treaty that we would have under which we would operate the canal.

We should have the same thing from Colombia.

#### AGREEMENTS NECESSARY

Senator ELLENDER. In other words, you have two treaties to make?

Secretary AILES. Two agreements, sir. They are not really treaties. What we need is survey rights to go in on the ground and make these surveys. But, we need an option on the treaty that we can get under which a canal would be operated.

Senator ELLENDER. Have you made any progress on that yet?

Secretary AILES. As you know, that is not my department? But I have participated in discussions on that.

Senator SALTONSTALL. Why should we pass anything in the supplementary budget in the last of August if you don't have these treaties?

Why should we not give you some comment in our report or something that we believe you should go forward and get these treaty rights and be ready to come up next year? Why should we appropriate anything now before you have a treaty?

Secretary AILES. The answer is that in our judgment if these funds are appropriated, we will be able to get the agreements and expend these funds, in other words, get this work done, and General Penney can explain to you exactly what it is we want to do, in timely fashion.

#### NEED FOR SPEED IN STUDY

Let me point out, sir, that the dry season in Panama, for instance, and I am sure it is the same in Colombia, begins in January and lasts for 4 months. We have to do a lot between now and January to be able to utilize that period of time.

It is really a seasonable problem that gives us this sense of urgency. Otherwise, we lose a whole year. Isn't that right, General Penney?

General PENNEY. Yes, sir.

Senator HOLLAND. It begins on December 15.

Secretary AILES. The dry season?

Senator HOLLAND. Yes.

Secretary AILES. Yes, sir.

Senator ELLENDER. You would be more or less trespassers unless you have the agreements with Panama and Colombia?

Secretary AILES. Yes, sir.

Senator ELLENDER. And with the conditions that now exist in Panama, I doubt that you could start such a survey unless you had an agreement. It seems to me, as Senator Saltonstall points out, if the dry season starts in December, you can make an effort to reach an agreement and then come back after we convene in January and then you can get your bill through in no time.

Secretary AILES. Sir, we would not be here if we did not think we could get the rights.

#### NATURE OF AGREEMENTS

Senator SALTONSTALL. Excuse me, Secretary Ailes, you have enough Members of the Senate sitting here who would want to know what those agreements were before we tell you to go ahead. We have this trouble down there in Panama at the present time.

Senator ELLENDER. I presume the Congress would like to find out what sort of agreement you will be able to enter into with these people before they provide the funds for this study. You have trouble there now.

Secretary AILES. The nature of the agreement as distinguished from whether or not the surveys should be made. All we are talking about here is the funds that enable us to go in and make the surveys. As I said, we have to start spending that money if we are going to take advantage of the dry season, the next dry season. We have to start spending that money in advance of the time that we would have it if we waited for the next Congress.

#### PROPOSED CONTRACT EXPENDITURES

Senator ELLENDER. How many people will you have employed on this survey? Or how much of the work will you do by contract?

General PENNEY. Sir, we would probably do some of it by contract, some of this survey work in—

Senator ELLENDER. Would you use local contractors in Panama?

General PENNEY. Local contractors in Colombia under the auspices of the Inter-American Geodetic Survey that is already down there. We would contemplate utilizing Government personnel and equipment for the major portion of this.

Senator ELLENDER. How much money do you expect to spend by contract with the Atomic Energy Commission and how much with your own forces?

General PENNEY. Approximately \$2 million would be by the Atomic Energy Commission, mostly by contract, and approximately \$2.7 million would be by the Corps of Engineers, part of which would be by contract. This includes mounting an operation and the logistics, of course, to get people and equipment into these two remote areas in order to hack the jungle trails and make the surveys and collect the data. It also includes starting of evaluations of the data and the starting of the review study of the present alinement by conventional means. This is our concept.

Senator ELLENDER. How about the rest of it; \$300,000?

General PENNEY. This would be for support of the Commission. It would be organized in this time and this estimate includes funds for support of the Commission including special studies.

#### CREATION OF STUDY COMMISSION

Senator ELLENDER. I don't recall but is this Commission being created under the act that passed the Senate?

Secretary AILES. Yes, sir; S. 2701 sets up the Commission. The law as passed the Senate says it shall be a seven-man Commission with

the Secretary of State, the Secretary of the Army, and the Atomic Energy Chairman, and four others.

Senator ELLENDER. But it is all Americans?

Secretary AILES. Yes, sir. The House version says it should be five men, all from private life. So this is something that has to be resolved in the final enactment of that legislation.

Senator ELLENDER. What will be the functions and duties of this Commission?

Secretary AILES. To conduct this analysis and to make a report to the President, who in turn reports to Congress, on whether a canal should be built, where it should be built, how it should be built, and by whom it should be financed, and for instance, on the international question, and so on.

Senator ELLENDER. That was the next question.

Secretary AILES. If I may say so, what we are really doing here is trying to set up a means for preparing a proposal which will ultimately, of course, be submitted to Congress.

#### PROPOSAL REGARDING INTER-AMERICAN HIGHWAY

Senator HOLLAND. Have you prepared any proposal yet in connection with that vital link of the Inter-American Highway going down between 400 and 500 miles along the Darien Isthmus?

Secretary AILES. I don't believe so.

Senator HOLLAND. I think that comes before this because you have to go into that area.

Secretary AILES. We go into there, sir, by boat, by helicopter, by a whole lot of other means.

Senator HOLLAND. You are not dealing with a civilized area like you were when you were building the Panama Canal. You are dealing with a wilderness from one ocean to another.

Senator ELLENDER. You can enter from either ocean.

General PENNEY. Yes, sir.

Secretary AILES. We are quite aware of the nature of the population down there.

This is really wild country. There are no two ways about that.

#### FINANCING OF PROPOSED CANAL

Senator ELLENDER. I express the hope that one of the first things that the Commission is going to do before it spends a dime is to find out who will help us to build it and make it an international canal to be contributed to by everybody who uses it.

I hope that you people will not, just because of our security, let Uncle Sam spend everything because we have been spending too darn much money in the last 5 or 6 years on the assumption that it is all done for our security.

Secretary AILES. Let me say this one thing if I may, Senator. This is a project which is economically feasible.

Senator ELLENDER. So was the Panama Canal economically feasible but we are still behind and somebody was too soft in setting the tolls necessary to at least repay all of the costs.

Secretary AILES. As you know, we have not raised the tolls on the Panama Canal since it was built.



Senator ELLENDER. I know that. I have made a study of that problem as much as I could. Senator Young has been on it. Several of us spent a lot of time in Panama. We wondered why it was that someone did not raise the tolls. The trouble is with Uncle Sam, he is afraid he will offend someone.

#### TOTAL CANAL EMPLOYEES

Secretary AILES. There is a rather complicated procedure set up by law with respect to those tolls as I am sure you know. This is the only point I want to make. We have about 14,000 employees in the current canal. Something like 500 to 700 are all that are required to operate a sea level canal. The costs of operation go way down.

Your tolls remain the same, or increase if you have your way with respect to them. The people who are going to pay for this canal are the people who use it because this one can pay out. This is the only point I am making. The issue is who puts up the original investment.

Senator HOLLAND. How much more life do the locks have in the present canal?

Secretary AILES. Indefinite, I would say. They were built in very rugged fashion as I am sure you know, sir. The Canal Company has kept them up mighty well over the years. In fact, there are spare gates floating in Gatun Lake which were made 50 years ago to be used when the first gates went out of commission and they have never been used. They are out there with some sort of dope on them to protect them from the water.

Senator YOUNG. Would it be practical to appropriate money for a survey in Colombia alone and later in Panama or some other place?

Secretary AILES. I don't think so. You are going to have to do a lot of this work in any event. It just makes sense for us to go forward with both of them. The time factor is important.

#### NEED FOR NEW CANAL

Senator SALTONSTALL. May I ask just two more questions, Secretary Ailes? One, there is no question but what there is a need for a new canal because of the size of our naval and commercial ships and we have to consider that problem along with many others.

Secretary AILES. Yes, sir. There are a number of factors with which we are dealing. Senator, you know better than I there is one other aspect to this thing. You have no way of telling the extent to which the size of those locks are a constraint on the shipping that has been built in the last 10 years particularly.

#### COUNTRIES INVOLVED IN AGREEMENTS

Senator SALTONSTALL. Then the other question I would like to ask you is, following up what Senator Young has said, How many countries would you have to agree to understandings before we could start the survey, just Colombia and Panama?

Secretary AILES. Yes, sir.

Senator SALTONSTALL. Would you also have to reach an understanding with England?

Secretary AILES. No, sir. We are talking about two different things. Certainly my view of how this thing should be handled is

that the United States ought to go forward and find out where a canal can be built, what is the best way to do it, and what is it going to cost, and so on.

Then you have to resolve how you are going to do it. Are you going to organize an international group with the countries who are the main users of the canal and set up a commission and have that commission run it and each country finance it or are you going to turn it over to private financing? There are groups who are interested in this sort of thing. Or are you going to do it as a U.S. operation and you make with Panama, questions like that? What we are really saying here is that we ought to find out what it is that we are talking about. This sounds like a tremendous amount of money, \$17½ million, but it is not in the context of what it cost to build this canal. We just want to be very sure we are on sound ground before we go forward on this.

#### INVESTMENT IN CANAL

Senator SALTONSTALL. Following up what Senator Ellender has said, we have \$1.7 billion invested in the canal, we have a return of \$1.1 billion. That leaves from my figuring \$600 million. You say that we had \$475 million if you leave out interest; is that right?

Secretary AILES. That is right.

Senator SALTONSTALL. So that leaves about \$125 million in it. Then you use the figure \$329 million. Where did that figure come from?

Secretary AILES. The two figures, the \$1.1 billion and the \$1.7 billion are the total actual in and out cash as far as the United States is concerned if you put that \$475 million interest in there. I guess it is like you would say it is about \$1,250 million cash out, \$1,100 million cash in.

Senator SALTONSTALL. The rest is interest.

Secretary AILES. All the rest is interest, that is right.

#### INTEREST ASPECT

Senator SALTONSTALL. Where does the figure \$329 million come in?

Secretary AILES. The \$329 million comes this way. At the time the Panama Canal Company was created and told to operate under the Government corporation control, some basis for the interest payment to the United States had to be established. It is a sort of constructed figure. We have no figure before for what was captial investment and what was improvement over the years.

So, a figure was constructed for the purpose of setting up an interest base for the canal under the legislation. It is a sort of approximation of the value of the properties that were turned over to the company and there have been additions to and subtractions from the original figure.

When we excess something under Government direction, it comes out. If we add something for which money is appropriated, the money goes back in. Merrill, can you make it any clearer? Or is that about right?

Secretary WHITMAN. I think that is a good description.

## DEFENSE OF CANAL

Senator HOLLAND. If I may ask one question: Am I correct in my understanding that none of the costs for defending the canal enter into this figure at all?

Secretary AILES. That is absolutely right, sir.

Senator HOLLAND. There are hundreds of millions more that cover the costs of our building of the various defense bases and the maintenance of our defense personnel and the like that do not enter into this figure at all. Now one more point and then I will have to go to this Agriculture Committee meeting. I have talked to some of the officials involved in Panama. I think you are going to find very great opposition to moving the lifeline of Panama City and Colon and their other principal cities which lie along, as you know, the Canal Zone, moving that lifeline away from there because my recollection is that it is 300 miles or more to this other site. Am I correct?

Secretary AILES. Yes, sir. I would say the principal problem, however, comes not so much from moving traffic away from those cities but from the reduction in the Panamanian payroll which you get moving from the lock-type canal to a sea level canal.

Senator HOLLAND. Am I correct also in my understanding that so far as the defense expense is concerned you still are going to have that defense expense when you move to a sea level type of canal, especially when you are in a country that is unstable and which cannot be regarded as an effective guardian of security along the canal.

Secretary AILES. Sir, I am a little bit hampered in discussing this specific issue in open hearing, for reasons that I am sure you understand.

Senator HOLLAND. We will drop that question for the time being. It is a very serious question in my mind. I join Senator Saltonstall in his expression awhile ago that I think there will be a lot of factors that the Senate will want to know about before it commits itself in any way to this project, because it is so touchy in so many fields.

## COMMITMENT OF SENATE

Secretary AILES. If I may I would like to say one thing on that score. There is not anybody in the executive branch of the Government that wants the Senate to commit itself on this project without a thorough and full examination of it. What we are asking for here are funds that will permit us to advance the basic investigations that have to be made to get the information that is required before anybody can make any decisions about it.

Just because of the shortness of the season down there, and the fact this does not fit well with our legislative calendar, we are here on this rush basis saying that we would like this much support to enable us to go forward with this thing, so that when Congress reassembles next year we can be back before them with something more definite. Otherwise we lose a whole year.

Senator HOLLAND. Thank you very much, you have been very helpful.

## ESTIMATE OF LOSS OF ABANDONING PRESENT CANAL

Senator SALTONSTALL. Mr. Chairman, may I ask a question? If we are asked the question on the floor of the Senate or anywhere else



what is involved in the finances or loss if we give up this whole canal, would a figure of somewhere between \$175 and \$600 million be accurate?

Secretary AILES. I think so. The only thing involved is how much interest should the United States charge its own operation on the investment.

Senator SALTONSTALL. Without interest you say it comes down to about \$125 million?

Secretary AILES. Yes, sir.

Senator SALTONSTALL. If you add interest on it, it would be whatever you want to charge?

Secretary AILES. Senator, I would like to give you the precise figures on that because that is a matter of cash in and cash out. I can give you the exact figure. I pulled those from memory. Am I fairly correct in that approximation?

Mr. WHITMAN. I think the answer to this question is that the bed-rock loss if we abandon this facility would be the amount of the equity of the U.S. Government in Panama Canal assets shown in our financial statement as \$525 million. This does not include any investment in Department of Defense installations.

Secretary AILES. That is the way it is on our books at the present time.

Senator SALTONSTALL. I am sure you can correct your testimony if you so desire.

Secretary AILES. All right, sir. I have given those figures a little bit freely.

Senator SALTONSTALL. Is not your plan of going forward on this thing putting the cart before the horse?

Secretary AILES. Sir?

Senator SALTONSTALL. Does it not boil down to that?

#### URGENCY OF MATTER

Secretary AILES. It could be. If you had a completely free hand it might be better to do it differently, but just the way these things develop and the seasonal nature of the problem are the things that push it this way.

We would like very much while Congress is still in session for Congress to equip us so that we can move this thing forward and so that we can take advantage of the next dry season. In a nutshell that is really where we stand.

General PENNEY. May I add to that, sir? There is a corollary to that and that is the preliminary estimate of the differences in cost of these three routes vary from, say, half a billion to a billion dollars. What the Secretary is asking for is the funds to be able to start pinning down those costs so that there will be a basis for further discussions.

Senator SALTONSTALL. Thank you, General.

(Discussion off the record.)

Chairman HAYDEN. Thank you, gentlemen.

Secretary AILES. Thank you very much.



## DEPARTMENT OF THE INTERIOR

### PUBLIC LAND LAW REVIEW COMMISSION

#### STATEMENT OF JOHN A. CARVER, JR., ASSISTANT SECRETARY, PUBLIC LAND MANAGEMENT, DEPARTMENT OF THE INTERIOR

##### JUSTIFICATION

Chairman HAYDEN. H.R. 8070 proposes establishment of a Public Land Law Review Commission, and when enacted, will authorize a total appropriation of \$4 million. For fiscal year 1965, \$500,000 is requested. This will provide for as many as 50 employees. The justification and the statement of the Assistant Secretary will be placed in the record.

(The material referred to follows:)

#### PUBLIC LAND LAW REVIEW COMMISSION

##### SALARIES AND EXPENSES

(Narrative justification, supplemental request, fiscal year 1965)

The Commission will be created by the Public Land Law Review Act, H.R. 8070, 88th Congress, to study existing laws and procedures relating to the administration of the public lands of the United States. The Commission's final report to the President and to the Congress is due not later than December 31, 1967. The Commission will cease to exist not later than 6 months thereafter. The act authorizes \$4 million for this purpose.

This appropriation request of \$500,000 for fiscal year 1965 is to cover costs of establishing the Public Land Law Review Commission, including its Chairman and his staff, the advisory council, initiation of liaison between the Commission and private organizations and Federal agencies, and for commencement of studies and surveys basic to the work of the Commission.

##### SALARIES AND EXPENSES

##### *Program and financing*

[In thousands of dollars]

	Presently available, 1965	Revised estimate, 1965	Increase
Program by activities: Study of existing public land laws and procedures.....		500	500
Total program costs, funded obligations.....		500	500
Financing: New obligational authority (appropriation).....		500	500
Relation of obligations to expenditures:			
Total obligations.....		500	500
Obligated balance, end of year.....		-50	-50
Expenditures.....		450	450



*Object classification*

[In thousands of dollars]

	Presently available, 1965	Revised estimate, 1965	Increase
11 Personnel compensation:			
Permanent positions.....		190	190
Other personnel compensation.....		10	10
Total, personnel compensation.....		200	200
12 Personnel benefits.....		15	15
21 Travel and transportation of persons.....		30	30
23 Rents, communications, and utilities.....		60	60
24 Printing and reproduction.....		10	10
25 Other services.....		150	150
26 Supplies and materials.....		10	10
31 Equipment.....		25	25
Total, obligations.....		500	500

*Personnel summary*

	Presently available, 1965	Revised estimate, 1965	Increase
Total number of permanent positions.....		50	50
Full time equivalent of other positions.....			
Average number of all employees.....		25	25
Employees in permanent positions, end of year.....		50	50
Employees in other positions, end of year.....			

**STATEMENT OF JOHN A. CARVER, JR., ASSISTANT SECRETARY, PUBLIC LAND  
MANAGEMENT, DEPARTMENT OF THE INTERIOR**

We are appearing here today to request a supplemental appropriation of \$500,000 to sustain the Public Land Law Review Commission's operations during fiscal year 1965. This request is to cover the anticipated costs of establishing the Commission, including its Chairman, staff, and advisory council; initiation of liaison between the Commission and the public land management agencies, State governments, and private organizations; and for commencement of the studies and surveys which will be the basis of the Commission's report.

The Public Land Law Review Commission would be established by H.R. 8070 which has passed the House of Representatives and been ordered reported favorably by the Senate Committee on Interior and Insular Affairs. The Commission would be directed to "(i) study existing statutes and regulations governing the retention, management, and disposition of the public lands; (ii) review the policies and practices of the Federal agencies charged with administrative jurisdiction over such lands insofar as such policies and practices relate to the retention, management, and disposition, of those lands; (iii) compile data necessary to understand and determine the various demands on the public lands which now exist and which are likely to exist within the foreseeable future; and (iv) recommend such modifications in existing laws, regulations, policies, and practices as will, in the judgment of the Commission, best serve" to provide the maximum benefit for the general public.

In the House-passed version the Commission's final report to the President and the Congress would be due not later than December 31, 1967. The Commission will cease to exist not later than 6 months after its final report is filed. H.R. 8070 authorizes the appropriation of not more than \$4 million to carry out the Commission's work.

The Commission would be a creature of the legislative branch. It would consist of majority and minority members from each House of Congress, and public members appointed by the President. The 18 members (again as the measure has passed the House) would select the chairman, a 19th member.

The legislative history discloses that membership from the executive branch was rejected, a determination with which the executive branch concurred.

Thus, the Department makes the justification today as a servicing function, and I would like to emphasize that as far as we know, the Department of the Interior will have no control or supervision over any aspect of the work of the Commission. It will, of course, cooperate as and when requested.

Revision and modernization of the public land laws are a matter of major attention and concern to the Department of the Interior. It is clear that we are dealing with a highly complex problem and that the kind of comprehensive revision which is needed will come only after concentrated study in great depth.

We envision the task of the Public Land Law Review Commission as not merely a simplification or codification of laws, but an approach to the basic public policy questions relating to a priceless national asset—our public lands and their resources. The Commission must attempt to suggest guidelines and recommendations for the management, use, and disposition of these public lands which will meet the present and future needs of the American people.

The Commission is charged with studying not only the statutes, but also the regulations implementing them and the "policies and practices of the Federal agencies charged with administrative jurisdiction" over the lands. These include the Bureau of Land Management, National Park Service, Bureau of Reclamation, and Bureau of Sport Fisheries and Wildlife, in the Department of the Interior; the Forest Service, Department of Agriculture; Corps of Engineers; Department of Defense; Atomic Energy Commission; and Federal Power Commission. Certainly there is contemplated something far more significant than a technical review. Skills broader than those of the codifier or the technician must be brought to the task.

We believe that the appropriation which we have recommended will permit the Commission to begin this important work properly. We strongly recommend your approval of our request.

#### PURPOSES OF THE COMMISSION

Chairman HAYDEN. Please describe the purposes of this Commission and indicate the activities to be carried on during this fiscal year.

Mr. CARVER. Mr. Chairman, this is to cover the anticipated costs of establishing the Commission, including its chairman, staff, and advisory council; initiation of liaison between the Commission and the public land management agencies, State governments, and private organizations, and for the commencement of the studies and surveys which will be the basis of the Commission's report.

The Public Land Law Review Commission would be established by H.R. 8070 which has passed the House of Representatives and been ordered reported favorably by the Senate Committee on Interior and Insular Affairs.

The Commission would be directed to—

(i) study existing statutes and regulations governing the retention, management, and disposition of the public lands; (ii) review the policies and practices of the Federal agencies charged with administrative jurisdiction over such lands insofar as such policies and practices relate to the retention, management, and disposition of those lands; (iii) compile data necessary to understand and determine the various demands on the public lands which now exist and which are likely to exist within the foreseeable future; and (iv) recommend such modifications in existing laws, regulations, policies and practices as will, in the judgment of the Commission, best serve—

to provide the maximum benefit for the general public.

#### AUTHORIZING LEGISLATION

Chairman HAYDEN. When is it expected that the authorizing legislation will be passed?

Mr. CARVER. The authorizing legislation has passed the House and was reported on Saturday by the Senate Interior Committee to the Senate.

## PROMPT INITIATION OF WORK

Chairman HAYDEN. Why is it necessary to have this money before Congress reconvenes in January?

Mr. CARVER. The bill, itself, provides a schedule for its completion which is, in the House-passed version, December 31, 1967, and in the bill as reported to the Senate, June 30, 1968. This means that if that schedule is to be met, the work would have to be started during fiscal year 1965.

I would like also to emphasize that various other measures are tied to this bill, certain other public land bills are made dependent on the report of this Commission. From the standpoint of the public land management agencies, it is extremely important that we get the work underway at the earliest possible date.

Chairman HAYDEN. This will be some kind of basic organization that can pass on other matters.

Mr. CARVER. This will be a Commission to review the whole spectrum of the public land laws and make recommendations to the Congress.

Chairman HAYDEN. We thank you for your statement.

Mr. CARVER. Thank you very much, Mr. Chairman.



BUREAU OF INDIAN AFFAIRS

STATEMENT OF GRAHAM HOLMES, ASSISTANT COMMISSIONER, BUREAU OF INDIAN AFFAIRS, DEPARTMENT OF THE INTERIOR

AMOUNT REQUESTED AND JUSTIFICATION

Chairman HAYDEN. The Bureau of Indian Affairs requests \$12,128,917 for payment to the Seneca Nation. The justification for this request will be printed in the record.

(The justification referred to follows:)

DEPARTMENT OF THE INTERIOR—INDIAN AFFAIRS

*Payment to the Seneca Nation*

Request----- \$12,128,917

PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

The Allegheny River (Kinzu Dam) project will inundate certain lands belonging to the Seneca Nation of Indians. The funds requested in this estimate will be used for the relocation, rehabilitation and the social and economic development of the members of the Seneca Nation.

JUSTIFICATION

Certain lands belonging to the Seneca Nation of Indians will be inundated by the Kinzu Dam project. This inundation will require the relocation of some of the members of the nation and will cause an extensive adjustment in the way of life of all of them based on traditional values going back to the earliest history of our country. The \$12,128,917 requested will provide for the relocation and rehabilitation of the members of the Seneca Nation.

It is proposed that these funds will be used in accordance with plans and programs approved by the Seneca Nation and the Secretary of the Interior. The objective will be economic betterment and social development of enrolled members of the Seneca Nation through programs of education, commercial and industrial development, housing, the provision of needed community facilities (including community centers) and recreational enterprises.

PAYMENT TO THE SENECA NATION

*Program and financing*

[In thousands of dollars]

	1965 presently available	1965 revised estimate	1965 increase
Program by activities: Rehabilitation and relocation of the Seneca Nation of Indians-----		\$12, 129	\$12, 129
Total, program costs (obligations) (object class 41)-----		12, 129	12, 129

STATUS OF AUTHORIZING LEGISLATION

Chairman HAYDEN. What is the status of the legislation proposing to authorize this appropriation?

Mr. HOLMES. The conferees have agreement on the authorization which should be out any time.

Chairman HAYDEN. The conference report has not been adopted yet?

Mr. HOLMES. Agreement has been reached and the report should be out just any day now.

#### CONFERENCE AGREEMENT

Senator SALTONSTALL. Mr. Chairman, do I understand—because this is a rather controversial subject—that the conferees have agreed on \$12,128,917?

Mr. HOLMES. That is right, sir.

Senator SALTONSTALL. That has not been adopted but presumably it will become law.

Mr. HOLMES. Well, sir, the conference report has not been filed as you know this morning but agreement has been reached and report is being prepared.

Chairman HAYDEN. The figures I have are \$15 million. Have the conferees reduced that?

Mr. HOLMES. Yes, sir.

#### PURPOSE OF FUNDS REQUESTED

Senator SALTONSTALL. For what purpose will the amount contained in the budget estimate be expended?

Mr. HOLMES. It is proposed that these funds will be used in accordance with plans and programs approved by the Seneca Nation and the Secretary of the Interior. The objective will be the economic betterment and social development of the enrolled membership of the Seneca Nation through programs of education, commercial and industrial development, housing, the provision of needed community facilities, including community centers, and recreational enterprises.

#### FUNDS ALLOCATED

Chairman HAYDEN. What amounts are allocated to each of the objectives in the justification?

Mr. HOLMES. Here is a general rough breakdown. At this time, although the amount has been changed from time to time, the tentative breakdown is: Education and training, \$2,300,000; housing, \$1,029,000; community buildings and centers, \$970,000; resurvey of the congressional villages on the reservations, \$194,000. That leaves a balance of \$7,635,917 for commercial and industrial development on the reservation.

Chairman HAYDEN. How much is actually required at this time; that is, how much is so urgent that a supplemental estimate is necessary?

Mr. HOLMES. This is in the nature of a damage payment for the construction of the dam. It is necessary that the Indian people living in the reservoir area be relocated almost immediately. In fact, some of them will have to be relocated this fall and summer. It is anticipated that the whole program will commence in a very short time.

As they begin to move out of the reservoir area the program for development and furnishing economic opportunity will commence at that time.

## PROGRAM COMPLETION

Chairman HAYDEN. How long will it take to complete the entire program?

Mr. HOLMES. It is difficult to say. It would depend on circumstances that develop as they go along. We cannot at this time fix an exact time when the matter will be completed finally.

Chairman HAYDEN. What is the least amount of money that you can get along with?

Mr. HOLMES. This being a direct payment to the tribe and in the nature of a damage payment for the taking of their lands, it is anticipated that the full amount would be appropriated at one time.

Chairman HAYDEN. Don't you have to work out a program with them and get it approved before you pay them that money?

Mr. HOLMES. Well, on takings in the past, the sum has been appropriated and then the program has been worked out. Yes, sir; a program will have to be developed for the use of the fund.

Senator SALTONSTALL. You can't answer then specifically how much of the \$12,128,917 you need at this time?

Mr. HOLMES. No, sir; not definitely. We anticipate initiating the whole program at the time we begin to relocate the Indians out of the taking area.

Senator SALTONSTALL. This amount that you have requested and which I have just stated to you is the exact amount in the agreement of the conferees.

Mr. HOLMES. That is right. That is the amount that will be paid to the Indian tribe.

Senator SALTONSTALL. Certainly you can't pay out all that before next January or February.

Mr. HOLMES. Well, in the past it has been placed in the Treasury and programed from that point.

Senator SALTONSTALL. It has been called to my attention the amount requested here when added to the amount previously requested will not raise the total request above the totals proposed in the 1965 budget. Is that correct? In other words, the amounts already paid plus this amount here of roughly \$12,100,000 will not raise the amount above \$12,100,000.

## TOTAL AMOUNT INVOLVED IN KINZUA-SENECA SETTLEMENT

Mr. HOLMES. That is correct. The total amount in the Kinzua-Seneca settlement is something a little over \$15 million. The part that we are requesting here is the rehabilitation, relocation part that involves the Department of the Interior.

Senator SALTONSTALL. So that ultimately you say there will be almost \$3 million added to what there is here?

Mr. HOLMES. Yes, sir.

Senator SALTONSTALL. From the point of view of the Congress then we have to anticipate a total payment of around \$15 million.

Mr. HOLMES. That is right, sir.

Senator SALTONSTALL. That is all by agreement?

Mr. HOLMES. Yes, sir.

Senator SALTONSTALL. So that this \$12 million is only part of the agreement?



Mr. HOLMES. That is right.

Senator SALTONSTALL. And there will be moneys in addition?

Mr. HOLMES. Yes, sir; that is right.

Senator SALTONSTALL. Thank you, Mr. Chairman.

Chairman HAYDEN. Thank you for your appearance.

## NATIONAL PARK SERVICE

STATEMENTS OF DONALD E. LEE, CHIEF, DIVISION OF LAND AND WATER RIGHTS; JACKSON E. PRICE, ASSISTANT DIRECTOR, SPECIALIZED SERVICES; AND CARL O. WALKER, ACTING CHIEF, DIVISION OF BUDGET AND FINANCE, NATIONAL PARK SERVICE

### JUSTIFICATION

Chairman HAYDEN. The National Park Service proposes a supplemental appropriation of \$10,400,000 for the fiscal year 1965 to remain available until expended. The justification for this request will be printed in the record at this point.

(The justification referred to follows:)

#### DEPARTMENT OF THE INTERIOR—NATIONAL PARK SERVICE

<i>Construction</i>		
Appropriation to date.....		\$32, 073, 600
Obligations to July 31, 1964.....		(1)
Expenditures to July 31, 1964.....		(1)
Request (to remain available until expended).....		10, 400, 000
<b>Employment:</b>		
Average number current appropriation.....		(1)
Number involved this estimate.....	40	
Actual employment July 31, 1964.....		(1)

<sup>1</sup> Not available.

#### PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

The amount of \$10,400,000 is needed to provide for a high priority land acquisition program, including lands in Cape Cod and Padre Island National Seashores, lands opposite Mount Vernon and inholdings in various park areas. Funds for the 1965 fiscal year land acquisition program were anticipated to be included in a supplemental estimate of the Bureau of Outdoor Recreation after the pending land and water conservation fund legislation was enacted. As the date of enactment is uncertain, it is necessary to obtain 1965 funding without delay to prevent serious impairment of the acquisition program.

### JUSTIFICATION

#### *Acquisition of lands program*

The 1965 fiscal year budget did not provide an item for land acquisition as had been the case in prior years. Instead it proposed that the item be included in a 1965 fiscal year supplemental estimate of the Bureau of Outdoor Recreation after the pending land and water conservation fund legislation was enacted. A special appropriation for land acquisition for Point Reyes National Seashore, Calif., was requested as a 1964 supplemental item and was provided by Congress by addition to the 1965 appropriation bill. There is no appropriation bill pending to provide funds with which to continue this high priority program of park and recreational area land acquisition. The delay in taking final action on the land and water conservation fund bill and its probable effective date when enacted make it imperative that supplemental funds be provided at the earliest practicable date to enable the Service to continue acquisitions in 1965 for the Cape Cod National Seashore, Mass., and Padre Island National Seashore, Tex.,

certain inholdings in various park areas, and land in Maryland opposite Mount Vernon. Substantially all of the existing funds have been earmarked for specific high priority land acquisitions at Point Reyes, Cape Cod, and Padre Island National Seashores; leaving only a small balance for acquisitions in other park areas and for operating expenses of the existing land acquisition staff. Although the House Appropriations Committee has approved within available funds the retention of the 39 existing land acquisition positions involved in carrying out this program, adequate funds to pay their salaries and expenses are not available. Such services are indispensable to carrying the land acquisition work forward.

The proposed 1965 fiscal year land acquisition is as follows:

Cape Cod National Seashore, Mass.....	\$3, 000, 000
Padre Island National Seashore, Tex.....	3, 500, 000
National Capital Parks (land in Maryland opposite Mount Vernon) ..	544, 493
Inholdings in various park areas.....	3, 355, 507
<b>Total.....</b>	<b>10, 400, 000</b>

*Need for funds.*—Privately owned and State owned lands within the authorized areas of the national park system constitute a major problem in the management, protection, maintenance, operation, and development of the individual areas in which they lie. Of the total of approximately 26,700,000 authorized acres in the system, about 645,000 were privately or State owned as of October 1, 1963, including the Cape Cod, Point Reyes, and Padre Island National Seashores. Until the most essential of these lands are acquired by the Federal Government, some of the consequences which must be endured are:

1. Private development and operation of facilities within the parks and monuments over which there is no public control but which owe their profit-making capacity to park visitors.
2. Cutting of timber with consequent scars and impairment of park scenery.
3. Operation of undesirable establishments or activities.
4. Creation of real estate subdivisions.
5. Conduct of land-scarring mining operations and, after the cessation of mining, the existence of mining debris and of deteriorating structures.
6. Costly delays in needed developments or greater expense because of the necessity of "going around" private lands or establishing public developments in less desirable locations.
7. Construction of commercial and other structures on lands whose acquisition thereafter becomes more expensive.
8. Adverse impact of wildlife and habitat ecology.

As new areas are authorized for establishment from year to year and as boundaries of existing areas are enlarged the land acquisition fund requirement increases. The funds requested are needed for the land acquisition items, as follows:

*Cape Cod National Seashore, Mass., \$3 million*

Public Law 87-126, approved August 7, 1961, authorized the establishment of this national seashore area and the appropriation of not to exceed \$16 million for land acquisition. The amount of \$2,250,000 was provided in a 1962 fiscal year supplemental appropriation to start the land acquisition program; \$4 million was provided in the 1963 appropriation; and \$1,300,000 in 1964, including \$1 million, which was reprogramed from Minute Man National Historical Park, Mass., to continue the program, making a total of \$7,550,000 made available to date. The amount of \$3 million requested in the estimate is needed to maintain an orderly land acquisition program for this area in 1965.

*Padre Island National Seashore, Tex., \$3,500,000*

The establishment of this seashore area was authorized by Public Law 87-712, approved September 28, 1962, which also authorized the appropriation of not to exceed \$5 million for land acquisition purposes. The amount of \$1.5 million was provided in the 1964 appropriation. Appraisals, surveys, and title evidence have been obtained. Preliminary contacts have been made with owners. Negotiations for large holdings are about to commence. The amount of \$3.5 million, the balance of the authorization, requested in this estimate is needed at once to acquire these large holdings.



*National Capital Parks, \$544,493*

Public Law 87-362, approved October 4, 1961, authorized the appropriation of \$937,600 for the preservation and protection of certain lands in Prince Georges and Charles Counties, Md., opposite Mount Vernon, by the acquisition of lands and scenic easements in order to preserve as nearly as possible the view from George Washington's home in the condition existing during his lifetime and to prevent further intrusion. The amount of \$213,000 was appropriated in the 1963 fiscal year for this purpose; \$180,107 was provided by reprogramming available funds as approved by both the House and Senate Subcommittees on Appropriations; leaving unappropriated \$544,493 of the legislative authorization. Some of the lands in question have been donated to the Federal Government and a key tract of land has now been acquired.

The remaining lands should be acquired without delay. The expanding population of the Washington metropolitan area is continually creating threats of adverse uses of the territory surrounding and across the river from Mount Vernon, such as intensive urban developments and the construction of a sewer line which would dump effluent, raw, and untreated, into the nearby Potomac River. These threats have been warded off so far, but pressures continue to build up. The sum of \$544,493 is required to meet the objective of the authorizing legislation in 1965.

*Inholdings in various park areas, \$3,355,507*

The value of privately and State owned lands within the authorized boundaries of the parks after 1964 (not including the three items discussed in the foregoing) is now estimated at \$92 million. This includes a substantial amount of private land lying within new areas and the extended boundaries of other areas as redefined by the Congress. The amounts appropriated in recent years for land acquisition have aided in alleviating a number of complex problems in connection with preserving lands from exploitation, providing needed lands for development and restoration purposes, rounding out areas for management, protection, and interpretive purposes, etc. The rate of progress, however, in acquiring these lands has not been rapid enough. The Service still has a long way to go. With the passage of time, the cost to the Government of acquiring the lands is proving to be greater and greater. The amount of \$3,355,507 requested for the acquisition of inholdings in various park areas in 1965 would be applied for the most part to purchasing the highest priority lands which are urgently required for construction and development purposes. The balance will be applied to lands required for restoration and to lands imminently threatened by nonconforming uses and despoliation.

The following is a listing of the parks containing inholdings of highest priority (exclusive of those discussed elsewhere in this estimate) in which it is contemplated now that land acquisition will be undertaken in 1965:

Badlands National Monument, S. Dak.....	\$46,000
Big Bend National Park, Tex.....	4,000
Big Hole National Battlefield, Mont.....	20,000
Black Canyon of the Gunnison National Monument, Colo.....	3,810
Blue Ridge Parkway, Va.-N.C.....	24,000
Cape Hatteras National Seashore, N.C.....	162,000
Capitol Reef National Monument, Utah.....	35,000
Capulin Mountain National Monument, N. Mex.....	1,800
Castillo de San Marcos National Monument, Fla.....	20,000
Chalmette National Historical Park, La.....	8,000
Chiricahua National Monument, Ariz.....	115,000
Colonial National Historical Park, Va.....	95,000
Devils Tower National Monument, Wyo.....	40,000
Dinosaur National Monument, Utah-Colo.....	178,850
Effigy Mounds National Monument, Iowa.....	885
Fort Laramie National Historic Site, Wyo.....	55,100
Fort Necessity National Battlefield, Pa.....	61,500
Glacier Bay National Monument, Alaska.....	15,000
Glacier National Park, Mont.....	144,000
Grand Portage National Monument, Minn.....	9,400
Grand Teton National Park, Wyo.....	155,000
Great Sand Dunes National Monument, Colo.....	43,000
Great Smoky Mountains National Park, N.C.-Tenn.....	200,000
Home of Franklin D. Roosevelt National Historic Site, N.Y.....	200,000

Kings Canyon National Park, Calif.....	\$12, 500
Lassen Volcanic National Park, Calif.....	23, 240
Mesa Verde National Park, Colo.....	94, 000
Mount Rainier National Park, Wash.....	5, 000
Natchez Trace Parkway, Miss.....	8, 500
Olympic National Park, Wash.....	250, 000
Organ Pipe Cactus National Monument, Ariz.....	72, 000
Pinnacles National Monument, Calif.....	22, 000
Rocky Mountain National Park, Colo.....	146, 000
Saguaro National Monument, Ariz.....	35, 320
Salem Maritime National Historic Site, Mass.....	17, 000
Scotts Bluff National Monument, Nebr.....	262, 200
Sequoia National Park, Calif.....	48, 200
Theodore Roosevelt National Memorial Park, N. Dak.....	2, 500
Virgin Islands National Park, V.I.....	250, 000
Yosemite National Park, Calif.....	275, 300
Zion National Park, Utah.....	194, 402
<b>Total.....</b>	<b>3, 355, 507</b>

The foregoing amounts, totaling \$10.4 million, include funds for land acquisition expenses, such as salaries and general expenses of the land acquisition staffs, appraisals, title evidence, surveys, etc., and are needed to finance a realistic land acquisition program in fiscal year 1965.

### Program and financing

[In thousands of dollars]

	1965 presently available	1965 revised estimate	1965 increase
Program by activities:			
1. Buildings, utilities, and other facilities.....	28, 915	28, 915	-----
2. Acquisition of—			
(a) Lands.....	14, 000	24, 400	10, 400
(b) Water rights.....	480	480	-----
3. Executive Mansion and grounds.....	178	178	-----
4. Parkways.....	22	22	-----
5. Roads and trails.....	726	726	-----
Total program (cost—obligations).....	44, 321	54, 721	10, 400
Financing: Unobligated balance brought forward.....	—12, 247	—12, 247	-----
New obligational authority (appropriation).....	32, 074	42, 474	10, 400

### Object classification

[In thousands of dollars]

	1965 presently available	1965 revised estimate	1965 increase
11 Personnel compensation:			
Permanent positions.....	3, 557	3, 921	364
Positions other than permanent.....	1, 516	1, 534	18
Other personnel compensation.....	90	91	1
Total personnel compensation.....	5, 163	5, 546	383
12 Personnel benefits.....	344	372	28
21 Travel and transportation of persons.....	335	350	15
22 Transportation of things.....	79	83	4
23 Rent, communications, and utilities.....	107	116	9
24 Printing and reproduction.....	64	66	2
25 Other services.....	1, 100	1, 200	100
26 Supplies and materials.....	925	934	9
31 Equipment.....	860	865	5
32 Lands and structures.....	35, 344	45, 189	9, 845
Total obligations.....	44, 321	54, 721	10, 400

*Personnel summary*

	1965 presently available	1965 revised estimate	1965 increase
Total number of permanent positions.....	355	394	39
Full-time equivalent of other positions.....	178	179	1
Average number of all employees.....	528	568	40
Employees in permanent positions, end of year.....	336	375	39
Employees in other positions, end of year.....	260	261	1

## PREPARED STATEMENT

Chairman HAYDEN. Do you have a statement?

Mr. LEE. Yes, sir; I have a statement that we will be glad to insert in the record.

Chairman HAYDEN. We will do that. You may highlight it.

(The statement referred to follows:)

## STATEMENT OF DONALD E. LEE OF THE NATIONAL PARK SERVICE IN SUPPORT OF SUPPLEMENTAL ESTIMATES FOR THE 1965 FISCAL YEAR

Mr. Chairman and members of the committee, the supplemental estimate of the National Park Service now under consideration is to provide needed funds for continuing through fiscal year 1965 our land acquisition program having the objective of obtaining those lands most urgently needed for development and management of the authorized park lands. The land acquisition program is a continuing one essential to alleviating a number of complex problems, including the prevention of exploitation, and rounding out areas for park management, protection, and interpretive and development purposes.

We are requesting the appropriation of supplemental 1965 funds for this program since our regular 1965 fiscal year budget did not provide an item for land acquisition as had been the case in prior years. Instead it proposed that the item would be included in a 1965 fiscal year supplemental estimate of the Bureau of Outdoor Recreation after the pending land and water conservation fund bill was enacted. As the proposed bill has not had final action and as its probable effective date will not be earlier than January of 1965, and funds will not become available under it until some time thereafter, it is imperative that these supplemental funds be provided before that time to enable the Service to continue its basic land acquisition program during the year.

The amount of \$3 million is requested for Cape Cod National Seashore, Mass. This sum would bring the total available through 1965 to \$10,550,000, leaving a balance of \$5,450,000 unappropriated of the \$16 million authorized by Public Law 87-126. This appropriation is needed to continue the excellent progress made to date in acquiring lands there, almost entirely by purchase agreements with owners.

Another \$3.5 million is requested for land acquisition at Padre Island National Seashore, Tex. Establishment of this seashore area was authorized by Public Law 87-712, which also authorized the appropriation of not to exceed \$5 million for land acquisition purposes; \$1.5 million of this authorization was provided in the 1964 appropriations. Appraisals, surveys, and title evidence have been obtained; preliminary contracts have been made with owners and negotiations for large holdings are about to commence. The balance of the authorization, \$3.5 million requested in this estimate is needed at once to acquire these large holdings.

We are also requesting \$544,493, the remainder of the \$937,600 authorized by Public Law 87-362, for the acquisition, preservation, and protection of certain lands in Maryland, opposite Mount Vernon, by the acquisition of lands and scenic easements in order to preserve as nearly as possible the view from George Washington's home in the condition existing during his lifetime and to prevent further intrusion. The expanding population of the Washington metropolitan area is continually creating threats of adverse uses in the territory intended by the Congress to be protected. Pressures continue to build up although the



threats have been warded off so far by the action accomplished with the funds previously provided. The remainder of the authorization is required to meet the objective of the legislation enacted by Congress.

The remainder of the funds requested, \$3,355,507 is for the acquisition in 1965 of important inholdings in various park areas. For the most part the funds will be applied to the purchase of the highest priority lands which are urgently required for construction and development purposes, with smaller amounts to be applied to lands required for restoration, and to lands imminently threatened by nonconforming uses and despoliation.

We strongly recommend your favorable consideration of our request for funds at this time to finance a land acquisition program during 1965.

#### REASON FOR SUBMISSION OF SUPPLEMENTAL ESTIMATE

Mr. LEE. First of all, Mr. Chairman, I would like to state to the committee that we regret very much that we are up here on a supplemental item. There is, however, a reason for that. It was proposed some time ago that we obtain funds under the land and water conservation fund for land acquisition purposes. The action taken on that bill in point of time is so late that we have not been able to obtain any funds under it, nor do we expect to receive funds under it in the reasonably near future.

As perhaps you realize the period of time within which we could obtain funds would be probably 3 to 6 months or even longer. Consequently, our land acquisition program as we have been carrying it on each year now is in danger of being stalled if we do not obtain additional funds at this time.

We have a number of options that are about to expire. We have a number of tracts of land that we need very much for immediate development and for which we have no acquisition funds. We have a number of things in connection with the land acquisition program that we have to do such as obtaining title evidence, making surveys, securing appraisals, all of which require funds that have now been substantially exhausted.

It is for this reason that we are up here today asking for this \$10,400,000 item so that we can continue our land acquisition program for the coming year.

#### STATUS OF PRIOR YEAR FUNDS

Chairman HAYDEN. What was your unobligated balance available for land acquisition as of July 1, 1964.

Mr. LEE. The total amount that our records reflect was available on June 30, 1964, was \$4,234,000. I should point out that part of that balance, however, was allocated by the Congress for specific purposes, such as Cape Cod, Point Reyes, Padre Island and in-holding purposes.

#### ALLOTMENTS TO VARIOUS PARKS

Chairman HAYDEN. I think we had better place in the record a tabulation showing breakdowns and amounts by allotments to the various parks.

Mr. LEE. Yes, sir; the breakdown is here.  
(The document referred to follows:)

## NATIONAL PARK SERVICE

Statement showing balances of land acquisition funds as of June 30, 1964

<i>Major land acquisition items</i>	<i>Balance June 30, 1964</i>
Civil War areas-----	\$421, 150
Minute Man National Historical Park-----	1, 947, 798
Cape Cod National Seashore-----	301
Point Reyes National Seashore-----	562
Fort Davis National Historic Site, Lincoln Boyhood National Memorial Park-----	64, 900
General land acquisition (inholdings and extension of existing (boundaries)-----	19, 249
Matching land acquisition-----	379, 211
Miscellaneous (Independence National Historical Park, Great Smoky Mountains National Park, Harpers Ferry National Historical Park—Storer College)-----	131, 720
Padre Island National Seashore-----	1, 270, 082
<b>Total</b> -----	<b>4, 234, 973</b>

## PARK AREAS INCLUDED IN THE SUPPLEMENTAL ESTIMATE

Chairman HAYDEN. Which of these parks will receive additional funds under the estimate now being considered by the committee?

Mr. LEE. We have a breakdown here, Mr. Chairman, showing the tracts of land in the areas to which funds would be applied. This is for the inholdings. Also, you will notice that in addition we have items here for Cape Cod, and Padre Island. We have here the breakdown of the various areas. We give the acres to be acquired, the reasons that the lands are to be acquired, and the current land use of the particular tracts.

We have it broken down by the various areas where all of this inholding money will be applied and of course the—

Chairman HAYDEN. How many of these areas are there?

Mr. LEE. There are 41.

(The table referred to follows:)

## NATIONAL PARK SERVICE

*Tentative listing of general inholdings proposed for acquisition in 1965 fiscal year with funds included in supplemental estimate*

Tract	Owner	Acres	National Park Service requirement	Current land use
19	Badlands National Monument:	139.40	Forestall commercial development.	Half cultivated, on main road.
5	Hamn	555.16	Preserve scene.	Improved farm.
20-39, 41-51	Big Bend National Park; 32 owners.	620.00	Forestall private development.	Unimproved subdivision.
	Big Hole National Battlefield; Glenow	191.00	Programed visitor center and to forestall commercial development.	Unimproved grazing land.
1	Black Canyon of the Gunnison National Monument; Sanburg.	190.59	Preserve scenery—South Rim Drive crosses land.	Unimproved land.
1-P	Blue Ridge Parkway.	7.09	To eliminate private road.	Development potential.
1-C-1	Eastern National Park & Monument Association.	138.52	Planned picnic area.	Subdivision potential.
1-P-1	Maffox.	90.00	To eliminate hazardous crossing.	Outstanding overlook development potential.
	Malcolm & Jack		Lands condemned with donated funds deposited in court plus \$88,000 appropriated funds. Require balance of monetary authorization to satisfy anticipated deficiency judgments in the long pending suits.	
	Cape Hatteras National Seashore		Eliminate nonconforming use.	Improved with dwelling and motel.
4	Capitol Reef National Monument; Gifford.	12.28	Planned development.	
1	Capulin Mountain National Monument; Southwestern Monument Association.	40.00	Lands condemned with prior appropriated funds now deposited in court. Require \$8,000 for stipulated court settlements.	Purchased; held by association for National Park Service and is next to last inholding.
15	Casfillo de San Marcos National Monument; Fraser.	.09	Eliminate nonconforming use.	Severance parcel; last needed for road.
	Chalmerte National Historical Park.		Planned road.	Dude ranch is up for sale.
1-A, 1-B	Chiricahua National Monument; Silver Spur Guest Ranch.	80.00	Lands condemned with prior appropriated funds now deposited in court. Require \$8,000 for stipulated court settlements.	
	Colonial Historical Park:		Eliminate nonconforming use.	
Part 508.	Murray.	50.00	Forestall imminent subdivision.	Portion historic Green Springs Plantation, Junction Surrender Road and U.S. Highway 17 improved with nondescript frame-store building, cabins, and sheds.
262	Richardson.	3.05	Restore Grand French Battery.	Cafe and cabins.
1	Devils Tower National Monument; Thurman-Dinosaur National Monument:	80.00	Eliminate nonconforming use of last inholding.	Sheep and cattle ranch and improvements.
38, 46, 47, 48, 79, 80.	W. R. Chew.	1,906.17	Planned road and visitor facilities.	Grazing land for sale.
65	Larson.	200.00	Eliminate nonconforming use.	Grazing land.
31	Alexander.	80.00	Planned Zenobia Peak Rd.	Ranch headquarters.
50, 53.	Mandle.	520.00	Planned road.	Sheep ranch.
77	Au Miller.	271.99	Campground development.	Unimproved idle land.
C (portion)	Effigy Mounds National Monument; Ferguson.	15.00	Preserve largest bird effigy mound in Iowa and 3 Indian burial mounds.	



1	Fort Laramie National Historic Site:	136.18	Restoration of scenic	Fenced grazing land.
2A, 2B	Rogge.....	46.46	road construction.....	Do.
E	Fort Nesscity National Battlefield:	8.00	Restoration of historic scene	Residence and motel.
L	Martin.....	3.50	do.....	General store.
L	Keeck.....	63.71	Preserve timber and primeval scene.	Unimproved timberland.
379-B	Glacier Bay National Monument: Coffin.	17.73	Planned public access to North Fork, Flathead River.	Log cabin and summer grazing for sale.
276	Kymar-Storpie.....	26.64	Provide public access to Lake McDonald.	Improved land for sale on Lake McDonald.
210	Kelly.....	70	do.....	Do.
215-C	Gealy.....	.08	do.....	Improved land for sale.
379-D	Voigt.....	2.13	Provide public access to North Fork, Flathead River.	Unimproved land for sale.
379-A, 379-C	Roghtien.....	5.39	McCarvey.....	Commercial timber.
235	McCarvey.....	53.00	Restore historic Fort Charlotte site.	Do.
120	Grand Portage National Monument:	20.30	Restore portion Fort Charlotte site.	Unimproved meadowland near entrance Diamond Ranch.
95	Unknown.....	1.06	do.....	Craighhead subdivision: Idle lots.
93-B	Clark.....	9.60	do.....	Do.
102	Craighead.....	2.30	do.....	Do.
93-A	Peterson.....	10.00	To consolidate Federal holdings to reduce administrative costs and expedite long-range development planning.	Do.
99	Chura Smith.....	2.50	do.....	Do.
93-C	do.....	5.50	do.....	Do.
97	Zirpel.....	2.50	do.....	Do.
92	Norton.....	2.50	do.....	Do.
106	Novotny.....	2.50	do.....	Do.
5, 6, 7	Skellon.....	620.00	Wildlife grazing.....	Ranch.
8, 9, 10	White.....	390.00	do.....	Ranch for sale.
1396	Divide Cattle Co.	918.00	Look Rock Campground.....	Adjoins Foothills Parkway and Park timberland.
1395	Great Smoky Mountains National Park:	300.00	Forestall subdividing.....	Adjoins Foothills Parkway and Park timberland.
1392, 1393	Jounrolmott.....	209.00	Consolidate U.S. lands.....	Timberland 24 growth.
1398	Welch.....	33.80	Forestall imminent private development.	Unimproved forested land on south side of Tennessee Highway 73 in Webb Creek area.
1399	Dudley.....	45.00	Consolidate U.S. lands.....	Only inholding in Haywood County.
2043-2	Huskey.....	1.46	do.....	Nursery stock.
1159a	Lincs-Robinson.....	10.00	do.....	Timberland 24 growth.
1404	Valentine Nursery.....	62.00	do.....	Do.
1405	Laura E. Burnett.....	19.50	do.....	Do.
1403	Boal.....	29.08	do.....	Do.
208, 289, 272, 273, 274, 275, 265a, 276.	Profit.....	300.00	To round out boundary along N.C. Highway 284.	Only inholding in Sovier County.
40	Boyd Hammett et al.....	94.00	Halt industrial development.....	Timbered land.
431A	Home of Franklin D. Roosevelt National Historic Site: Kessler.	40.00	Forestall logging.....	Historic Boreel tract, adjoins site being cleared of timber and vegetation for industrial use.
24	Cantler.....	40.00	do.....	Do.
	Ranch Development Corp.....	80.00	Consolidate U.S. holdings.....	Scenic timberland including Sequoia.
	Serra Club.....	80.00	do.....	Do.

## NATIONAL PARK SERVICE

*Tentative listing of general inholdings proposed for acquisition in 1965 fiscal year with funds included in supplemental estimate—Continued*

Tract	Owner	Acres	National Park Service requirement	Current land use
9B, C, D, E, G, F, H, I, J, K, N.	Lassen Volcanic National Park: 11 ownerships.	7.04	Preserve Hat Creek Area.....	Subdivision of the Long property.
5.....	Mesa Verde National Park: Hindmarsh.....	232.14	Administrative area.....	Unimproved sheep ranch with road frontage.
4.....	Hall.....	249.00	do.....	Unimproved ranchland with road frontage.
3.....	Mount Rainier National Park: Eagle Peak Copper Mining Co.....	41.32	Nonconforming land use.....	Mining development.
4.....	Do.....	4.75	do.....	Millsite for tract 3.
230.....	Natchez Trace Parkway: Llewellyn.....	1.97	Adjoins visitor center.....	Improved property—commercial potential.
4.....	Lenoir.....	.88	do.....	Improved Lake Crescent property.
4.....	Fisher.....	37.89	do.....	Improved tract Lake Crescent.
29.....	Nealand.....	4.64	do.....	Unimproved timbered Lake Crescent parcel.
26.....	Hoare Est.....	5.82	do.....	Do.
27.....	Do.....	5.45	do.....	Do.
28.....	Do.....	5.08	do.....	Do.
249.....	Sweet Est.....	106.26	Private holdings interspersed among Federal lands needed for planned development and conservation of the several areas.	Improved Elwha property.
150.....	Longfellow.....	4.60	do.....	Unimproved Villa Sites parcel.
158.....	Do.....	.12	do.....	Unimproved lots—Sunshine Cove (9 lots).
183.....	Denahue.....	5.73	do.....	Unimproved Sunshine Cove lot.
182.....	Price.....	.55	do.....	Unimproved timbered Lake Crescent parcel.
224.....	Lackman.....	4.30	do.....	Timbered Elwha tract.
362.....	Organ Pipe Cactus National Monument: Crown-Zellerbach.....	121.00	do.....	Commercial grazing.
1, 2.....	Rich.....	640.00	Eliminate trespass grazing.....	Do.
5.....	Gray.....	157.60	do.....	Do.
15.....	Pinnacles National Monument: Kelly.....	320.00	Last inholdings in monument with nonconforming uses are constant administration problem.	Improved grazing land.
16.....	Jolly.....	400.00	do.....	Do.
18.....	Jurk.....	160.00	do.....	Do.
314A.....	Rocky Mountain National Park: Dick.....	4.50	Halt nonconforming use.....	Unimproved building sites.
165.....	McGraw.....	477.00	Winter range for wildlife.....	Dude Ranch.
317B.....	Schuler.....	1.60	Trail Ridge Road scene.....	Improved timbered lot for sale.
295.....	Jacobberger.....	40.60	Public facilities.....	Deer Haven Lodge, summer home timbered tracts for sale.
54-58.....	Saguaro National Monument: Fuller Evangelistic Foundation.....	101.60	Halt nonconforming use Tucson Mountain Park.	Tucson Mountain Park patented mining claims.
37, 39, 41.....	Erkins.....	71.35	Halt nonconforming use.....	Patented mining claims.
	Salem Maritime Natural Historic Site: Hale	.19	Preserve historic house—authorized act Dec. 12, 1963—The Narbonne House for sale.	
7.....	Scotts Bluff National Monument: Scotts Bluff Country Club.....	88.54	Forestall subdivision.....	Scenic country club and improvements for sale.

8	Oregon Trail Museum	20.00	Preservative	Scenic and historic natural formation for sale
20	Sequoia National Park:			
19	Loverin, et al.	160.00	Forestall subdivision	Improved forested land.
18	Visalia Ld. J. Co	44.55	do	Grazing land.
	Clark	168.32	do	Improved grazing land.
	Theodore Roosevelt National Memorial Park:	176.30	Administrative purposes consolidate U.S. lands.	Grazing land recently added to park.
	McIntee			
46	Virgin Islands National Park:			
47	Jacobs	4		
48	Do	3		
90	Dalinda	10		
51	Insular Government	1		
52	Tostmark	10		
53	Francis	50		
54	Adams	30		
55	Insular Government	10		
56	Sewer	40		
57	M. Mathias	4		
58	Richards	4		
59	J. Matichas	51		
60	J. Matichas-Creque	6		
	Yosemite National Park:			
11-17	Hickok	53		
9-B-19, 73, 111, 119	Bondshile	36,22		
37A	Gargano, Morris and Smith	159.00		
11-31	Baker	.61		
9-C-13, 9-C-14	Rumbino	2.78		
5-60	Alexander	.11		
11	Pywagelbo	.30		
37B	Rowe	.37		
9A.5	Phillips	5.05		
	Zion National Park:			
43A	State of Utah	12.58		
43	Graff	29.00		
13	Lamourcaux	614.29		
6, 7, 8, 9	E. S. Lee	1,809.58		
9A	Milo	100.00		

To consolidate U.S. lands to form efficient administrable areas, open to the visiting public and for development.

Long planned conservation and development and to that imminent nonconforming private development.

Wawona improved lot for sale. Wawona subdivided recently—50 parcels for commercial. Wawona owners plan to subdivide. Wawona improved lot. El Portal, a building for sale. Wawona, improved with dwellings. Improved Foresta lot for sale. Wawona improved lot for sale. Wawona lot. Wawona tract with motel construction planned.

Forestall commercial development. Remnant of unimproved land adjoining State Highway. Improved dry farm. Grazing. Agricultural, grazing unimproved. Unimproved grazing tract.



## STATUS OF CAPE COD PROGRAM

Chairman HAYDEN. Specifically with respect to Cape Cod National Seashore for which \$7,500,000 has been made available, what proportion remains unobligated?

Mr. LEE. About a half million dollars, Mr. Chairman.

Chairman HAYDEN. Can you assure the committee that if the full amount of \$3 million is approved you can obligate the total amount available for the Cape Cod National Seashore prior to June 30?

Mr. LEE. Yes, sir. We are running very easily around \$300,000 a month and we expect that to step up because we have some large properties at Cape Cod that have been appraised and on which negotiations will be undertaken or are being undertaken.

## STATUS OF PADRE ISLAND PROGRAM

Chairman HAYDEN. I would like to have you supply the same information with respect to Padre Island National Seashore.

Mr. LEE. Yes, sir. We have completed the preliminary land acquisition work, which is time consuming, such as surveys, procurement of title evidence, and appraisals. We are now ready to swing into negotiations for some extremely large tracts.

## LANDS ACROSS FROM MOUNT VERNON

Chairman HAYDEN. With regard to the land across from Mount Vernon for which a total of \$393,107 has been made available, how many acres have you purchased?

Mr. LEE. We have acquired one tract from the Claggett family. That consists of about 100 acres. The price was about \$381,000 as I remember it. That was in condemnation. We were not able to negotiate an agreement in that case. Then, we effected a settlement, or rather the Department of Justice effected a settlement.

Chairman HAYDEN. What is the total acreage you are authorized to be acquired in fee?

Mr. LEE. It is around 600 acres.

Chairman HAYDEN. Then, how much remains to be acquired?

Mr. LEE. I would say approximately four-fifths of the area, or about 500 acres, remains to be acquired.

Chairman HAYDEN. What is the total acreage authorized to be acquired in scenic easements?

Mr. LEE. About 1,700 acres. We have already obtained something like 74 scenic easements for more than 400 acres by people who have voluntarily impressed their land with these easements for general scenic protection of the area.

Chairman HAYDEN. Have you acquired half of that or how much?

Mr. LEE. Seventy-four people have already signed. We are still negotiating. It is hard to forecast how many will continue to come into the fold. We expect more will come in under these voluntary agreements. Those are donations of easements.

Chairman HAYDEN. Public Law 87-632 authorizing this acquisition set \$937,600 as the amount to be expended which leaves you \$544,493 to be appropriated, is that correct?

Mr. LEE. Yes, sir.

Chairman HAYDEN. What is your estimate of the total cost of land and easements to be acquired?

Mr. LEE. Of course, we have not appraised those lands, Mr. Chairman, but I would make this kind of guess, that it will run roughly twice the authorization amount, about a million dollars more than authorized.

Chairman HAYDEN. Then, you plan to seek authorization for an additional amount?

Mr. LEE. It seems to me that will be necessary.

#### ACQUISITION OF HIGH PRIORITY LAND

Chairman HAYDEN. In the section of your justification entitled, "Inholdings in Various Park Areas," for which you ask \$3,355,507, you state that this will be applied for the most part to purchasing highest priority lands which are urgently required.

I assume that the urgency is so great that all of this money will be expended during the coming fiscal year, is that correct?

Mr. LEE. Yes, sir. We already have options on some of the land which expire very soon on part of these inholdings.

Senator SALTONSTALL. That involves 41 projects?

Mr. LEE. Yes, sir.

#### PRESENT FISCAL YEAR OBLIGATION OF FUNDS

Chairman HAYDEN. Can you obligate this before Congress convenes in January?

Mr. LEE. Certainly a very substantial part of it. I would say on the major part of it we will have options or we will have negotiations going for most of it.

Chairman HAYDEN. And you do assure me, do you not, that all of the balance will be expended prior to the expiration of this fiscal year?

#### EXPIRING OPTION

Mr. LEE. Yes, sir. Mr. Chairman, as I have pointed out we have a number of options. I will give you a list of certain options that are already expiring which are involved in our general land acquisition program, that is our inholding program. At Cape Cod we have approximately a half million dollars of options which while we will move on those under the new million dollars that was made available, we know that there are negotiations for probably another million dollars worth of options that we expect to have available for acquisition within the next month or two.

Of course the problem we run into with all landowners is that once they sign the paper when they want to sell you their land, then they want their money because they generally have other purposes in mind for using the money.

We have also had, as I have mentioned, rather heavy expenses in connection with all of these land acquisition items. If we cannot continue to take care of those things such as title evidence, surveys and appraisals, and keeping the staff intact, we would not be able to carry the program forward. This is particularly true at places like Cape Cod and Padre Island.

(The material referred to follows:)

## LIST OF OPTIONS

## NATIONAL PARK SERVICE

*Statement showing certain options that will expire on or before Jan. 15, 1965*

Park	Tract No.	Vendor	Acres	Cost	Date option expires
Glacier National Park.....	397-B	Mrs. I. Bernice Kyear, Charles D. and Donna Stemple.	17.73	\$31,200	Dec. 9, 1964
	397-D	D. Gordon and Myrna May Rognlien.	2.13	3,500	Dec. 22, 1964
	397-C	Dale L. McGarvey and Elsie T. McGarvey.	5.39	8,500	Jan. 15, 1965
Rocky Mountain National Park.	314-A	George F. Dick III, and Marilyn S. Dick.	5.6	9,000	Aug. 17, 1964
	295	Deerhaven Lodge, Inc.-----	40.6	45,000	Sept. 15, 1964
Scotts Bluff National Monument.	317-B	Marie Schuler Estate.-----	1.61	24,000	Sept. 27, 1964
	-----	Scotts Bluff Country Club..	88.54	260,000	Sept. 15, 1964
	-----	Oregon Trail Museum Association.	20	2,123	Do.
Salem Maritime National Historic Site.	-----	Margaret E. Hale.-----	0.19	17,000	Aug. 18, 1964
Zion National Park.....	43-A	State Road Commission of Utah.	12.58	2,500	Nov. 8, 1964
	43 A	State Road Commission of Utah.	0.62	-----	Do.
Total .....			-----	402,823	-----

## STAFFING AND RELATED FUND REQUIREMENTS

Chairman HAYDEN. How many personnel are concerned with land acquisition and what is the total personnel cost for this purpose?

Mr. LEE. We have 39 employees paid out of these funds. The total costs, personnel and related expenses, total about \$450,000 per year.

Senator SALTONSTALL. Mr. Chairman, may I ask just two questions?

Chairman HAYDEN. Certainly.

Senator SALTONSTALL. What it amounts to is that where you have this land acquisition and where the Congress has authorized the establishment of these parks, if you are going to go forward with these parks the quicker you do this, the better.

Mr. LEE. Yes, sir.

Senator SALTONSTALL. It will be a lower cost if you do it now?

Mr. LEE. Yes, sir. We have experienced nothing but a rising land cost in all of our projects.

## VALUE OF WATERFRONT LAND

Senator SALTONSTALL. Is there any difference between the cost in the interior of the country as opposed to the seacoast where some of these projects are?

Mr. LEE. My observation, Senator, is that there seems to be a growing awareness of the desirability of seashore land. I believe that river-front land and seashore land now is commanding a premium price, perhaps much more so than it did a few years ago.



## MERRYWOOD PROPERTY

Senator SALTONSTALL. One project which has been called to my attention in this area here is Merrywood. Have you anything to report on that?

Mr. LEE. No, sir. That is in litigation at the present time. I believe the case will be tried in the Federal district court in Alexandria probably next month.

Senator SALTONSTALL. There is nothing in here for Merrywood?

Mr. LEE. No, sir. There is not.

Senator SALTONSTALL. Thank you, Mr. Chairman.

## PURCHASE OF LAND IN EVERGLADES NATIONAL PARK

Chairman HAYDEN. There is pending in the House of Representatives a bill to authorize the purchase of certain land in the Everglades National Park, at a cost of not to exceed \$452,000. Are you prepared to purchase this land now if this sum is added to the bill?

Mr. LEE. It was our understanding that an additional direct, but separate, appropriation was to be made to the Department of Agriculture to reimburse the Farmers Home Administration's revolving fund in the amount of \$452,000. Consequently, in making up our land acquisition program as set forth in this supplemental request, the National Park Service did not include any sum in the supplemental bill for this purpose. The facts in the case are as follows: Through a mortgage foreclosure action the Farmers Home Administration presently owns the lands in question consisting of approximately 4,420 acres. This land is located in the so-called hole-in-the-donut and is needed to facilitate the operation and development of the park. The jurisdiction of the land would then be turned over to the National Park Service, and the land would become an integral part of Everglades National Park.

Chairman HAYDEN. In the event the sum is not added, are you prepared to make the purchase from available funds?

Mr. LEE. No. We do not have any funds available now which could be utilized to reimburse the Farmers Home Administration's revolving fund. However, the only way we could use funds to defray the reimbursement to the revolving fund would be to reduce some other item if the \$452,000 is not added to the bill.

Chairman HAYDEN. In which park areas and in what amounts would you make reductions?

Mr. LEE. In the event the \$452,000 for the Everglades land must be provided within the \$10.4 million estimate, it would be included by eliminating the Mockley Point land acquisition (National Capital Parks) item in the amount of \$544,493. We would add the difference of \$92,493 to Yosemite National Park under the general inholdings item.

Chairman HAYDEN. Thank you, gentlemen, for your appearance.

# GEOLOGICAL SURVEY

## SURVEYS, INVESTIGATIONS, AND RESEARCH

### STATEMENT OF ARTHUR A. BAKER, ASSOCIATE DIRECTOR

#### ALASKAN EARTHQUAKE STUDIES

Chairman HAYDEN. Geological Survey requests \$385,000 to conduct scientific and engineering geologic studies of the Alaskan earthquake. We will have the justification printed in the record.

(The justification referred to follows:)

#### DEPARTMENT OF THE INTERIOR—GEOLOGICAL SURVEY

##### *Surveys, investigations, and research*

Appropriation to date-----	\$67,165,000
Request-----	385,000

#### PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

Supplemental funds are requested to conduct scientific and engineering geologic studies of the March 27, 1964, Alaskan earthquake. Prompt completion of these studies is needed for an understanding of both local and regional earthquake effects and damage, and is therefore vital in minimizing losses of life and property in future earthquake catastrophes. Funds for extraordinary expenses in connection with these studies are the only amounts included in this estimate; costs of permanent personal services will be borne by the Survey's annual appropriation.

#### JUSTIFICATION

Supplemental funds are requested to conduct scientific and engineering geologic studies of Alaska's Good Friday earthquake, March 27, 1964. The objectives are: (1) To supply to the Federal Reconstruction and Development Planning Commission for Alaska and to numerous Federal and State agencies geologic and hydrologic information needed for safe, economical reconstruction; (2) to document fully the geologic and hydrologic effects of the earthquake; (3) to examine and analyze the relations between geologic and hydrologic factors and damage to manmade structures; and (4) to make the results of the investigations, and the lessons learned, widely known to minimize loss of life and property in future seismic events in Alaska and in other seismically active areas of western United States. Working as a member of the Scientific and Engineering Task Force of the Federal Reconstruction and Development Planning Commission for Alaska, the Geological Survey has developed the plan of work under the charter of the task force and much of the work was requested by the Commission. Funds for extraordinary expenses in connection with these studies are the only amounts included in this estimate; costs of permanent personal services will be borne by the Survey's annual appropriation.

*Need for an increase now.*—The Geological Survey's specialized emergency program of geologic and hydrologic investigations in the wake of the Alaskan earthquake depends primarily upon the speedy accumulation and interpretation of accurate data not only to meet the needs for safe and economical reconstruction, but also because these data are, for the most part, recorded as natural phenomena that are temporarily in disequilibrium with their environment. From the moment they are formed the catastrophic effects of the earthquake tend to be obliterated by such normal processes as weathering, erosion, deposition, and regeneration of plant and animal life. Timeliness in collecting this

rapidly disappearing evidence is of critical importance in understanding why and how the earthquake happened, its effects on the earth's surface, and how damage can be minimized when another earthquake strikes. That other earthquakes of similar magnitude will strike along the Pacific coast is clearly evident to all earth scientists—only the time and exact locale are uncertain.

The first Geological Survey scientists, a three-man engineering geology team, arrived in Anchorage within 48 hours of the destructive shock and were followed by other Survey experts in a variety of disciplines; these early scientific teams were dispatched chiefly to meet the urgent need for reliable geologic advice during the planning and reconstruction period following the earthquake. Costs for these emergency operations were borne by the Bureau from March 27 to June 30, 1964.

The collection and interpretation of geologic, hydrologic, and topographic data pertinent to the earthquake has proceeded at an increasing rate, and during fiscal year 1965 these studies in Alaska will constitute a significant part of the Geological Survey's overall program. Additional funds are needed to carry out the earthquake studies expeditiously and to make available the results of these studies. Because of the relatively high cost of Alaskan operations, and the vast area affected by the earthquake, an efficient program of scientific earthquake studies can be financed out of regular appropriations only by seriously curtailing normally planned and budgeted Geological Survey activities in the United States.

#### *Geologic and mineral resource surveys and mapping*

*Geologic studies.*—Geologic studies in the southern Alaska earthquake area are designed to yield accurate data concerning (a) the amount and direction of regional tilting and uplift or subsidence, such as that recognized from Kodiak Island and the Kenai Peninsula eastward nearly to Yakataga; (b) ground breakage and both net and relative movement measurements along open fractures; (c) earthquake compaction effects, landslides, lurching, and other surficial adjustments in relatively unconsolidated deposits; (d) the behavior and effects of seismic sea waves and of locally generated waves; (e) the origin, nature, and extent of submarine slides and related phenomena, such as those that affected harbors, channels, and docking facilities throughout southern Alaska; and (f) the extent to which all these geologic phenomena present special engineering and construction problems, and the manner in which these problems can best be met.

To gather, interpret, and report these data will require the following field and office investigations during fiscal year 1965:

(1) Engineering geology investigations were begun immediately after the earthquake and will continue at a relatively high level during the summer and fall months of 1964; the level of these studies will probably decrease in the spring of 1965, but the need for some engineering geology will continue as long as site appraisal and selection, and reconstruction planning continues. Survey engineering geologists have been committed to major site studies at Anchorage, Valdez, and Seward; geologic advice has also been supplied where requested at smaller villages or towns and will be made available where there is need for it. Major engineering geology studies are underway to aid in reconstruction of the Alaska Railroad and Alaska highway system, both of which were intensively damaged by the earthquake. Geologic reappraisals of potential dam and reservoir sites is planned for the summer of 1964 to determine whether foundation conditions have been changed by the earthquake. In addition to remedial engineering geology studies, a research program is underway to study the geologic effects of the March 27 earthquake. This program involves (a) study of earthquake-triggered landslides, rock falls, and avalanches; (b) studies of compaction in unconsolidated surficial rocks; and (c) studies of delta-front submarine slides, of the type that caused extensive damage to harbor facilities at Seward and Valdez.

As a part of these engineering geology investigations, a modest core-drilling program is scheduled in the Portage area; this program will assess the relative contribution of differential compaction to a total subsidence of about 8 feet. A series of shallow-core drill holes aggregating about 1,800 feet, will supplement surface geologic investigations and will permit accurate measurements of the amount of differential compaction.

(2) Regional tectonic studies in southern Alaska. These will consist of reconnaissance investigations of sea-level changes as shown by displaced geologic, biologic, and geomorphic features; of onshore geologic studies to obtain direct evidence of the amount and direction of ground movements; and of detailed



photogeologic studies of pre- and post-earthquake aerial photography. In addition, sets of three or more carefully surveyed benchmarks are being installed at numerous lakes throughout the seismically active belt; these will aid in determining whether crustal tilting is continuing and, if so, at what rate. They will also serve as tiltmeters which can aid in detecting the buildup of crustal stress, and thus provide at least a first step toward earthquake prediction.

Fieldwork for these tectonic studies involves operation of a Survey-owned vessel for approximately 5 months in the Prince William Sound area and air support by helicopter and fixed-wing aircraft for field parties operating in Prince William Sound, the Kenai Peninsula, and Kodiak Island.

(3) Marine geology, chiefly in the Prince William Sound area and southeastern Kenai Peninsula. At Whittier, Valdez, Seward, and other areas yet to be selected, echo sounding, sparker surveys, bottom cores, and bottom photography are scheduled to determine the nature and extent of submarine landslides triggered by the earthquake.

If possible, similar investigations will be undertaken northeast and southwest of Montague Island to define the subsea extent of crustal uplift disclosed there by surface faulting and warping—knowledge of the subsea extent of this structural block may be of critical importance in a better understanding of some of the anomalous sea waves which proved so destructive in southern Alaska.

#### *Water resources investigations*

*Hydrologic studies.*—The earthquake caused significant changes in the hydrologic environment in addition to the damage to manmade structures. It is essential that we thoroughly understand and evaluate these changes because they bear directly on the availability and man's use of water. Investigation of the effects of the earthquake on the hydrologic environment will be directed as follows:

(1) General hydrologic evaluation. The Survey will conduct a reconnaissance of the entire earthquake-affected area to record evidence of the earthquake upon wells, springs, streams, lakes, and glaciers. Not only the direct effects of tremors will be studied, but also the hydrologic effects of landslides, submergence or emergence of lands along the coast, compaction of sediments, and overriding by tidal waves.

(2) Effects of physiographic changes upon hydrologic regime. Sites will be selected and records obtained to detail the effects of the earthquake upon stream-flow (including water, dissolved load, sediment load, and bed load) and to identify causes of changes.

Records will also be obtained at selected sites to detail the effects of submergence or emergence of coastal areas, including degradation or aggradation of stream channels, channel realignments, changes in ground water occurrence, and changes in water quality.

(3) Modifications to hydrologic systems. Changes in the hydrologic flow system of the Anchorage area, including Matanuska Valley and Turnagain Arm to and beyond Portage will be evaluated. Specific aspects to be studied include (a) storage; (b) artesian pressure (as shown by water levels in wells); (c) recharge (as suggested by seepage from streams); (d) natural discharge (which might cause appearance or disappearance of springs); (e) transmissibility (based on study of tidal effects); and (f) water quality (indicated by chemical analysis).

*Program and financing*

[In thousands of dollars]

	1965 presently available	1965 revised estimate	Increase
<b>Program by activities:</b>			
<b>Direct obligations:</b>			
2. Geologic and mineral resource surveys and mapping	16, 775	17, 103	328
4. Water resources investigations	20, 131	20, 188	57
Other, no change	30, 259	30, 259	
Total direct obligations	67, 165	67, 550	385
Reimbursable obligations: No change	36, 284	36, 284	
Total obligations	103, 449	103, 834	385
<b>Financing:</b>			
Unobligated balance brought forward	-400	-400	
Advances and reimbursements from—			
Other accounts	-19, 591	-19, 591	
Non-Federal sources	-16, 693	-16, 693	
Unobligated balance carried forward	400	400	
Appropriation	67, 165	67, 550	385

*Object classification*

[In thousands of dollars]

	1965 presently available	1965 revised estimate	Increase
<b>Direct obligations:</b>			
11 Personnel compensation			22
12 Personnel benefits			
21 Travel and transportation of persons			57
22 Transportation of things			9
23 Rent, communications, and utilities			7
24 Printing and reproduction			25
25 Other services			116
Services of other agencies			
26 Supplies and materials			30
31 Equipment			120
42 Insurance claims and indemnities			
Subtotal			385
Deduct quarters and subsistence charges			
Total, direct obligations			385
Reimbursable obligations: No change			
Total, Geological Survey			385

*Personnel summary*

	1965 presently available	1965 revised estimate	Increase
Total number of permanent positions			
Full-time equivalent of other positions			4
Average number of all employees			4
Employees in permanent positions at end of year			
Employees in other positions at end of year			

## PREPARED STATEMENT

Mr. BAKER. I have a brief statement here.

Chairman HAYDEN. That may be included in the record.

(The statement referred to follows:)

## DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY

## STATEMENT OF ARTHUR A. BAKER ON ALASKAN SUPPLEMENTAL

This statement is in support of the request for supplemental funds for fiscal year 1965 to conduct engineering geologic and scientific studies of the Alaska earthquake.

Working as a member of the Scientific and Engineering Task Force of the Federal Reconstruction and Development Planning Commission for Alaska, the Geological Survey has planned the work in cooperation with the Commission.

The earthquake caused major damage in southern Alaska to communities, transportation routes, and short installations. Detailed studies of the sites of damage to manmade structures supply geologic and hydrologic information needed to guide safe economical reconstruction and to determine the relations between damage, the nature of the ground, its response to seismic shock, and distance from the epicenter of the main shock. Study of the effects of the earthquake over an area of about 60,000 square miles supplies data concerning (a) the amount of regional uplift and subsidence; (b) ground breakage; (c) landslides; (d) differential compaction of unconsolidated sediments; (e) the origin, nature, and extent of submarine slides, which along with the local sea waves they generated, caused much of the catastrophic damage to the water fronts at Valdez, Seward, and Whittier; and (f) effects of seismic sea waves.

Studies are planned to determine the kinds and extent of changes to the hydrologic regime. These studies include changes on water wells, erosion effects of streams, tilting of lakes, and activation of glaciers.

## REASON FOR REQUEST

Chairman HAYDEN. Please explain in detail why you now ask for this sum; and why you cannot do this out of the regular appropriations for this work.

Senator SALTONSTALL. Also the emergency appropriations which Congress was asked for in connection with Alaska.

Mr. BAKER. This work was undertaken in connection with the request from the Alaskan Reconstruction Commission. It set up a task force of which the Geological Survey was a member. Under the charter to this task force and in cooperation with the Commission, a program of work was developed for providing at the earliest possible time the information that was necessary for intelligent, efficient reconstruction of the damage in the area.

Forty-eight hours after the earthquake we had the first members of our team in Alaska doing work. Prior to the 1st of July, the costs of the work were absorbed out of our regular appropriation.

After the 1st of July we have had 20 to 25 people up there and the wages of these people are absorbed in our regular appropriation. They were provided for in the regular appropriation.

## EQUIPMENT NEEDED

What is asked for here are extraordinary expenses, operation of helicopters, fixed-wing aircraft, barge, extraordinary travel expenses, and so on.

We were very fortunate in connection with some of the equipment in the early stages to be able to obtain it on loan from Scripps Institute.



of Oceanography. After we had made a start we had to return the equipment to Scripps and terminate our investigation by sonic methods of the nature, distribution, and to some extent the constitution of the submarine slides, which were one of the principal causes of the more devastating effects of the earthquake together with the local waves they generated that hit the shore and wiped out the docks.

Senator SALTONSTALL. Could you do all this out of the funds that you already have? That is mostly salary, and so on?

Mr. BAKER. No, sir.

Senator SALTONSTALL. They are doing extra work?

Mr. BAKER. Well, they were sent up there from various other assignments. Their salaries are already provided for in the regular funds appropriated for this fiscal year. So, there are no salary items in here except for a few temporary field assistants.

Senator SALTONSTALL. What it amounts to is that you are taking money from other programs to take care of this emergency purpose.

Mr. BAKER. Yes, sir.

Senator SALTONSTALL. Now, you want a supplemental?

Mr. BAKER. It is either that or something comes to a halt.

Senator SALTONSTALL. What is the amount involved?

Mr. BAKER. \$385,000 for the Alaskan supplemental.

Senator SALTONSTALL. Will you insert a statement on the request? I have no more questions, Mr. Chairman.

(The statement referred to follows:)

#### DEPARTMENT OF INTERIOR—GEOLOGICAL SURVEY

##### ALASKA EARTHQUAKE SUPPLEMENTAL FINANCING INVESTIGATIONS

Each agency involved in the Scientific and Engineering Task Force of the Federal Reconstruction and Development Planning Commission for Alaska was advised by the Commission to obtain through its regular channels the funds needed to support investigations in connection with the Alaska earthquake.

##### MONTANA FLOOD

Mr. BAKER. Then there is a second item on the Montana flood.

Chairman HAYDEN. The Geological Survey has developed a need for \$160,000 additional in fiscal year 1965 to replace and repair stream gaging installations destroyed in the recent Montana flood, and to obtain needed flood information for future planning of water facilities.

The justification statement will be included in the record.

(The justification referred to follows:)

#### DEPARTMENT OF THE INTERIOR—GEOLOGICAL SURVEY

##### *Surveys, investigations, and research*

Appropriation to date.....	\$67, 165, 000
Request.....	160, 000

#### JUSTIFICATION

*Water resources investigations.*—Supplemental funds are requested to replace and repair stream gaging installations destroyed or damaged by the recordbreaking floods of June 7-9, 1964, in northwestern Montana, and to obtain urgently needed flood information for future planning of reservoirs, spillways, flood control works, bridges, canals, and other waterway structures in the region—\$160,000.

*Need for supplemental appropriation.*—Permanent reconstruction of bridges, culverts, reservoirs, canals, and other waterway structures severely damaged by the recent spectacular floods in northwestern Montana will require speedy accumulation and interpretation of peak flows, runoff rates, and other flood information essential to sound planning. Much of the work must be done before high-water marks become obscured or obliterated. Stream gaging installations must be promptly restored to minimize gaps in critical water records. Representatives of the Corps of Engineers, Bureau of Reclamation, Weather Bureau, Bureau of Indian Affairs, Forest Service, and Geological Survey have met and assessed the situation and generally agreed upon the needs for flood information and the responsibilities of the several agencies for obtaining the information without duplication of effort.

Funds budgeted by the Geological Survey for water resources investigations in fiscal year 1965 are fully committed to the continuing national program which already lags behind the growing demand for water information. The modest increase planned for fiscal year 1965 will be required for other critically needed work, including the rehabilitation of key streamflow stations and associated facilities on the Colorado River and elsewhere, basinwide water resources studies coordinated with other agencies, and ground water studies in areas where water problems are prevalent.

*Plan of work.*—Extensive damage sustained at stream gaging installations will require:

Replacement of 15 gaging stations.

Replacement of five cableways for making streamflow measurements.

Repair of many damaged gaging station structures and cableways.

As agreed to by the several Federal agencies coordinating their plans for obtaining needed flood information, the Geological Survey will determine peak discharge rates and prepare flood hydrographs at critical locations in the flood region. Approximately 125 indirect measurements of flood peaks will be made in the field. A comprehensive flood report will be prepared and published as quickly as possible so that other agencies will be able to make necessary revisions of design criteria for waterway structures.

#### *Program and financing*

[In thousands of dollars]

	1965 presently available	1965 revised estimate	Increase
Program by activities:			
Direct obligations:			
4. Water resources investigations.....	20,131	20,291	160
Other—No change.....	47,034	47,034	-----
Total direct obligations.....	67,165	67,325	160
Reimbursable obligations:			
No change.....	36,284	36,284	-----
Total obligations.....	103,449	103,609	160
Financing:			
Unobligated balance brought forward.....	-400	-400	-----
Advances and reimbursements from—			
Other accounts.....	-19,591	-19,591	-----
Non-Federal sources.....	-16,693	-16,693	-----
Unobligated balance carried forward.....	400	400	-----
Appropriation.....	67,165	67,325	160

*Object classification*

[In thousands of dollars]

	1965 presently available	1965 revised estimate	Increase
Direct obligations:			
11 Personnel compensation.....			90
12 Personnel benefits.....			5
21 Travel and transportation of persons.....			20
22 Transportation of things.....			
23 Rent, communications, and utilities.....			
24 Printing and reproduction.....			
25 Other services.....			
Services of other agencies.....			
26 Supplies and materials.....			20
31 Equipment.....			25
42 Insurance claims and indemnities.....			
Subtotal.....			160
Deduct quarters and subsistence charges.....			
Total direct obligations.....			160
Reimbursable obligations:			
No change.....			
Total reimbursable obligations.....			
Total, Geological Survey.....			160

*Personnel summary*

	1965 presently available	1965 revised estimate	Increase
Total number of permanent positions.....			
Full-time equivalent of other positions.....			6
Average number of all employees.....			16
Employees in permanent positions at end of year.....			
Employees in other positions at end of year.....			

## PREPARED STATEMENT

Chairman HAYDEN. Also your statement will be printed in the record.

(The statement referred to follows:)

## DEPARTMENT OF THE INTERIOR—GEOLOGICAL SURVEY

## STATEMENT ON MONTANA SUPPLEMENTAL

Recordbreaking floods in northwestern Montana June 7-9, 1964, caused severe damage to bridges, culverts, reservoirs, canals, and other waterway structures including stream gaging installations operated by the Geological Survey.

Records collected by the Geological Survey provide flood information essential to sound planning for rehabilitation or replacement of damaged facilities and for design of projects planned for the future. To maintain continuity of the streamflow records it is necessary to replace 15 gaging station installations, 5 cableway structures from which streamflow measurements are made, and to repair many other gaging station structures and cableways.

Representatives of the Corps of Engineers, Bureau of Reclamation, Weather Bureau, Bureau of Indian Affairs, and Forest Service have met with the Geological Survey to coordinate their immediate data requirements. To meet these needs it is necessary that field surveys be completed and a report prepared as quickly as possible. The Geological Survey must bring flood experts in from across the country, involving unusual expenses for transportation, subsistence, and overtime pay.



## FLOOD DAMAGE

Mr. BAKER. This devastating flood in June wiped out about 15 of our gaging station installations and 5 of our cableway structures from which streamflow measurements are made. Funds are needed to replace these facilities, and to obtain the records of this flood through indirect measurements. We had to move about 10 people in there to make indirect measurements and determine the extent of this recordbreaking flood in Montana.

In this instance, we do have an item for salaries equivalent to about 10 man-years. This reflects the fact that over two-thirds of our effort for water resources investigations is financed through Federal-State cooperation and transfers from other agencies, so our money for water investigations is pretty well earmarked. When people were pulled into this area from other areas, working with cooperative funds, we could not shift their salaries; they were taken care of by the earmarked money that could not be used in another part of the country on another project.

So, in this instance, there is a provision for paying the salary of these people who were lifted from one project and put on this other project in an effort to gain all the information we possibly could before the floodmarks were obliterated.

## POSSIBLE DELAY IN APPROPRIATION

Chairman HAYDEN. Why can't this appropriation of \$160,000 be delayed until the next regular appropriation bill?

Mr. BAKER. Well, the principal reason is because you can't delay the study of a flood. The marks just don't stay there. They disappear as a result of natural forces operating. We have to do it right now or else we lose a degree of our information.

Senator SALTONSTALL. May I ask a question, Mr. Chairman?

When you finish the survey, what are you going to do with it?

Mr. BAKER. We will publish them and make them available to all interested people, Corps of Engineers, Bureau of Reclamation, Park Service, State and private organizations, and individuals.

The idea would be to have this finished, ready to be printed by the end of this calendar year so that the results will be immediately available.

Senator SALTONSTALL. The printing, and so on, would be to make these other agencies and private individuals, and so on, conscious of possible damage from another flood.

Mr. BAKER. So that they would know what to expect from a flood of this magnitude in planning their future structures.

Senator SALTONSTALL. Thank you, Mr. Chairman.

Chairman HAYDEN. Thank you for your appearance.

BUREAU OF SPORTS FISHERIES AND WILDLIFE

STATEMENTS OF LANSING A. PARKER, ASSOCIATE DIRECTOR; AND  
W. E. CORBIN, ASSISTANT DIRECTOR, ADMINISTRATION

BUDGET ESTIMATE

Chairman HAYDEN. Next is the Bureau of Sports Fisheries and Wildlife.

Mr. PARKER. I am Lansing A. Parker, Associate Director of the Bureau.

Chairman HAYDEN. There is a fiscal year 1965 supplemental budget estimate of \$700,000 for the Bureau of Sport Fisheries and Wildlife. The justification statement indicates that this amount is needed for rehabilitation of facilities which have been damaged by floods, excessive rainfall, and the recent record flood in Montana. I will place the justification statement in the record.

(The justification referred to follows:)

DEPARTMENT OF THE INTERIOR, BUREAU OF SPORT FISHERIES AND WILDLIFE

*Construction*

Appropriation to date.....	\$7, 016, 200
Request (for 10 months from Sept. 1, 1964).....	\$700, 000
Employment:	
Average number, current appropriation.....	127
Number involved this estimate.....	36

JUSTIFICATION

*Wildlife facilities, \$700,000*

*Wildlife refuges, \$700,000.*—This supplemental estimate is being submitted for rehabilitation of facilities at 11 national wildlife refuges which were damaged by flash floods and excessive rainfall in the spring of 1964, and the recent record flood in the Missouri River Basin which is now known as the 100-year flood. Facilities damaged included dikes, levees, fences, roads, bridges, buildings, and crop and hay lands. Repair of these facilities is essential to prevent the impairment of operations and to restore valuable habitat for nesting, feeding, and wintering of an important segment of the migratory waterfowl population as well as grouse, doves, antelope, deer, etc. The present state of the facilities is such that prompt repair is essential to prevent further damage. Increased costs will also result even from normal rainfall; 1965 appropriations are not sufficient to cover these costs without an adverse effect on the program.

The damage by refuge covered by this estimate is as follows:

<i>Refuge</i>	<i>Amount</i>
Wheeler, Ala.....	\$15, 000
Wapanocca, Ark.....	100, 000
Modoc, Calif.....	11, 000
St. Marks, Fla.....	69, 000
Piedmont, Ga.....	10, 000
Savannah, Ga.....	50, 000
Agassiz, Minn.....	15, 000
Noxubee, Miss.....	30, 000
Benton Lake, Mont.....	74, 000
Charles M. Russell Range, Mont.....	316, 000
Santee, S.C.....	10, 000
Total.....	700, 000

*Wheeler National Wildlife Refuge, Ala., \$15,000.*—On March 14, 1964, this refuge experienced rainfall of up to 6 inches in a short period of time. The result was flash flooding along the numerous streams which cross the road system on the refuge. In these low lying areas, roads were severely eroded and bridges and culverts were shifted out of position. These roads are essential to the management and operation of the refuge as they provide access to farming areas and are used by the public for various recreational pursuits. An amount of \$15,000 is required for repair of damaged roads.

*Wapanocca National Wildlife Refuge, Ark., \$100,000.*—High water levels during March 1964 substantially weakened the bridge at refuge headquarters which crosses the drainage ditch, to the extent that it is unsafe to use. Until this bridge is replaced, it will be necessary that all equipment used in the farming program be transported completely around the refuge to the east entrance, which necessitates excess travel of 8 miles. Also, the gated culverts on the levee, as well as the levee, were damaged. Required are the replacement and repair of the culverts and levee and a major control structure. The levee is essential to the exclusion of excessive floodwaters from Wapanocca Lake. The water control structure will permit the control of water levels as needed for management purposes.

A summary follows:

Replace bridge.....	\$55,000
Repair levee and construct water control structure.....	45,000
Total.....	100,000

*Modoc National Wildlife Refuge, Calif., \$11,000.*—This important refuge provides nesting habitat for Canada geese and ducks and food and protection for migrating waterfowl. Recent high floodwaters topped the dam and washed out an abutment, which must be replaced. The high waters filled up the storage reservoir and washed out the refuge distribution system.

A breakdown of the estimated costs is as follows:

Replace water control structure.....	\$7,800
Repair 6 miles of canals, ditches, and 10 diversion structures.....	3,200
Total.....	11,000

*St. Marks National Wildlife Refuge, Fla., \$69,000.*—Excessive rainfall has caused unusually high water levels in the East River and Stoney Bayou impoundments. Most of the damages resulted when 9.5 inches of rain fell within a 26-hour period on April 27–28, and an additional 5.1 inches on June 6, 1964. Abnormal water pressures plus the erosion which occurred when excessive waters were released, have undermined major control structures. The large impoundments are managed for the production of aquatic vegetation suitable for waterfowl and support large concentrations of ducks, geese, coots, and other water birds. Unless these structures are repaired to prevent loss of water, it will not be possible to maintain water levels needed for management purposes during critical drought periods. Four miles of dikes on the Stoney Bayou Farm unit and 5½ miles of roads were also damaged. The dikes in the Stoney Bayou Farm unit are used to keep floodwaters off the farmlands and to control water levels around the farm unit.

A breakdown of the estimated repair and replacement costs is as follows:

Repair of Stoney Bayou water control structure.....	\$50,000
Repair of 4 miles of dikes—Stoney Bayou Farm unit.....	6,000
Repair 5½ miles of roads—spot fills and reshape shoulders.....	13,000
Total.....	69,000

*Piedmont National Wildlife Refuge, Ga., \$10,000.*—Heavy rainfall during the first 4 months of this year has caused spot erosion and washouts on newly constructed roads and dams. Immediate repairs are essential to avoid continued damage and more costly repairs. Roads are used for patrol, timber harvest, as well as access in connection with public hunts and other recreational pursuits.

Repair of roads.....	\$10,000
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*Savannah National Wildlife Refuge, Ga., \$50,000.*—On April 18, 1964, flood waters of the Savannah River overflowed the refuge causing heavy damages to the refuge dike system. Floodwaters topped these dikes causing severe erosion which must be repaired. The dike system is necessary to keep waters from the management pools and croplands in order that waterfowl food plants, both aquatic and agricultural, can be provided.

Replacement of water control structure pool No. 1-----	\$10,000
Rebuild 6.27 miles of pool dikes-----	40,000
Total-----	50,000

*Agassiz National Wildlife Refuge, Minn., \$15,000.*—Excessive rains totaling 7.78 inches during the period June 8-26, 1964, with resultant abnormal runoff and excessive flooding, resulted in severely eroding 3.2 miles of dikes and 3.2 miles of roadway, with three water control structures undermined and riprap washed out. Dikes and structures must be rebuilt and riprap replaced to restore waterfowl production pools and prevent further damage to facilities which would occur as a result of normal summer storms.

*Noxubee National Wildlife Refuge, Miss., \$30,000.*—Flash floods due to excessive rainfall during the period March 13-15, 1964, caused three serious washouts on the new levee of Green Tree Reservoir No. 3. These were new dikes on which emergent aquatics had not yet been fully established to protect the fresh dirt from erosion. Erosion on this levee ranges from 1½ feet to 4 feet. In order to make this reservoir useful to wildlife, water manipulation must be accomplished during certain seasons of the year. Green Tree Reservoirs are the key to attracting large duck populations to the refuge. Unless the damages are repaired prior to this coming fall, it will not be possible to maintain proper water levels. Also, the road leading to Green Tree Reservoir No. 4, the Keaton Tower Road, and the roads in compartment 13 sustained heavy damage. These roads are utilized not only for public use and management purposes, but also for timber harvest.

A summary follows:

Repairs of washouts on levee and riprap spillway-----	\$25,000
Roads-----	5,000
Total-----	30,000

*Benton Lake National Wildlife Refuge, Montana, \$74,000.*—Unprecedented rainfall early in May and again in June 1964 resulted in severe damage to dikes, water control structures, and spillways. Water impounded in Lake Creek Valley was suddenly released when highway crossings fill broke and the wall of water topped and breached one dike and caused severe erosion to two dikes, spillways, and water control structures on the refuge. Surface waters flowing into Lake Creek channel deposited excessive silt which must be removed since uniform grades are necessary in this 6 miles of channel used to convey water to the refuge. The above must be repaired for normal operation of this valuable refuge.

A breakdown of the estimated repair and replacement costs follows:

10,850 cubic yards fill and riprap replacement-----	\$15,000
Repair of 30 structures-----	59,000
Total-----	74,000

*Charles M. Russell National Wildlife Range, Montana, \$316,000.*—The recent record flood, now known as the "100-year flood," of the Missouri River Basin has resulted in extensive damage to facilities and crop and hay lands at the Charles M. Russell Range. Water from the upper drainage basin in Glacier Park inundated the bottom lands on the refuge. The damages must be repaired and facilities replaced to prevent further damage and losses from future high waters. It is important that this cropland be restored at the earliest possible date for migrating waterfowl this fall. Rehabilitation of the roads and crossings is essential to permit the resumption of routine maintenance, patrol, and management work on this 575,000-acre game range. Restoration or replacement of the fencing is necessary to prevent excessive damage to rangelands as a result of uncontrolled livestock grazing.

A breakdown of the estimated repair and replacement costs follows:

15 miles of road repair and resurfacing-----	\$70,000
27 miles of fence repair/replacement-----	26,000
Repair or replacement of 6 buildings—barns and sheds-----	10,000
30 miles irrigation ditches, repairs, and/or realignment-----	10,000
Rehabilitate 6,500 acres of fields—removal of debris and renovation of crop and grasslands-----	200,000

Total----- 316,000

*Santee National Wildlife Refuge, South Carolina, \$10,000.*—Water levels on Lake Marion have been above normal due to extreme rainfall during February–April and flash floods from heavy rainfall on January 11, March 10, and April 8, 1964. The high lake levels have caused erosion on refuge facilities including Jacks Creek and Potato Creek subimpoundments. Also, 3 miles of roads on the Bluff unit and the protective dike on Pine Island were damaged. These roads are essential in connection with the refuge waterfowl development activities.

Repair of dike erosion-----	\$7,500
Repair 3 miles of roads-----	2,500

Total----- 10,000

### Program and financing

[In thousands of dollars]

	Presently available 1965	Revised estimate 1965	Increase 1965
Program by activities:			
1. Sportfish facilities-----	4,808	4,808	
2. Wildlife facilities-----	2,208	2,908	700
Total, program costs, funded—obligations-----	7,016	7,716	700
Financing: New obligational authority (appropriation)-----	7,016	7,716	700

### Object classification

[In thousands of dollars]

	Presently available 1965	Revised estimate 1965	Increase 1965
11 Personnel compensation:			
Permanent positions-----	799	839	40
Positions other than permanent-----	174	363	189
Other personnel compensation-----	21	29	8
Total, personnel compensation-----	994	1,231	237
12 Personnel benefits-----	72	83	11
21 Travel and transportation of persons-----	136	141	5
22 Transportation of things-----	9	14	5
23 Rent, communications, and utilities-----	31	32	1
24 Printing and reproduction-----	11	12	1
25 Other services-----	750	804	54
Services of other agencies-----	124	124	
26 Supplies and materials-----	170	381	211
31 Equipment-----	222	227	5
32 Lands and structures-----	4,047	4,217	170
Total, Bureau of Sport Fisheries and Wildlife-----	6,566	7,266	700
ALLOCATION ACCOUNTS			
24 Printing and reproduction-----	28	28	
25 Other services-----	307	307	
Services of other agencies-----	115	115	
Total, allocation accounts-----	450	450	
Total obligations-----	7,016	7,716	700
Obligations are distributed as follows:			
Bureau of Sport Fisheries and Wildlife-----	6,566	7,266	700
General Services Administration-----	450	450	

*Personnel summary*

	Presently available, 1965	Revised estimate, 1965	Increase, 1965
Total number of permanent positions.....	107	107	-----
Full-time equivalent of other positions.....	20	51	31
Average number of all employees.....	127	163	36
Employees in permanent positions, end of year.....	107	107	-----
Employees in other positions, end of year.....	10	10	-----

## NEED FOR FUNDS

Chairman HAYDEN. Would you please indicate the specific need for these funds and indicate why it is not feasible to delay consideration of this estimate until after Congress convenes again next January?

Mr. PARKER. The request, Mr. Chairman, covers repair of damage caused by floods on 11 of the national wildlife refuges. These are damages in the nature of loss of roads and the washing out of dams and bridges which will mean that in order to operate those refuges we will have to put them back in shape as soon as possible.

## BUDGET ESTIMATE

Now, the budget for 1965 for this particular item of construction of refuges contains about \$1,400,000.

So, this \$700,000 request is about half of what we would normally have to do development work on all of the refuge system. These repairs are essential in order to maintain and keep the refuges going.

Chairman HAYDEN. Is this work all to be done between now and the first of January?

Mr. PARKER. Yes, sir, this fiscal year. Largely it is road repair. Much of it will be done under contract for the repair of dams or the dikes.

Senator SALTONSTALL. How accurate is this estimate of \$700,000?

Mr. PARKER. It is based on experience. Generally, these are small jobs; some of them will be by force account.

Senator SALTONSTALL. So we can't say it is an actual cost estimate of repairing these roads and other facilities.

Mr. PARKER. No, sir. It is the best engineering estimate that we have.

Senator SALTONSTALL. So if we gave you anything up to \$700,000 you would like it?

Mr. PARKER. Yes, sir. We will need it.

Senator SALTONSTALL. Thank you, Mr. Chairman.

Chairman HAYDEN. We thank you for your appearance.

Mr. PARKER. Thank you.

## COMMITTEE RECESS

Chairman HAYDEN. The committee will stand in recess until 10 a.m. tomorrow when we will take up the Department of Agriculture, Independent Offices and the Department of Health, Education, and Welfare.

(Whereupon, at 11:05 a.m., Monday, August 17, 1964, the committee was recessed, to reconvene at 10 a.m., Tuesday, August 18, 1964.)





# THE SUPPLEMENTAL APPROPRIATIONS BILL FOR 1965

TUESDAY, AUGUST 18, 1964

U.S. SENATE,  
COMMITTEE ON APPROPRIATIONS,  
*Washington, D.C.*

The committee met at 10 a.m., pursuant to recess, in room S-128, U.S. Capitol, Hon. Carl Hayden (chairman) presiding.

Present: Chairman Hayden, Senators Ellender, Robertson, Holland, Saltonstall, Young, and Allott.

## DEPARTMENT OF AGRICULTURE

### AGRICULTURAL MARKETING SERVICE

STATEMENTS OF S. R. SMITH, ADMINISTRATOR, AGRICULTURAL MARKETING SERVICE; ACCOMPANIED BY HOWARD P. DAVIS, DIRECTOR, FOOD DISTRIBUTION DIVISION, AGRICULTURAL MARKETING SERVICE; A. J. HOLMAAS, DIRECTOR, BUDGET AND FINANCE DIVISION, AGRICULTURAL MARKETING SERVICE; CHARLES L. GRANT, DIRECTOR OF FINANCE AND BUDGET OFFICER, DEPARTMENT OF AGRICULTURE; AND ANDREW J. NEMSHICK, DIRECTOR, BUDGET DIVISION, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

#### FOOD STAMP PROGRAM

Chairman HAYDEN. The committee will be in order.

We will now consider the justification of the estimate for the food stamp program.

The justification of the estimate and House Document 344 will be printed in the record at this point.

(The justification statement referred to follows:)

[H. Doc. 344, 88th Cong., 2d sess.]

COMMUNICATION FROM THE PRESIDENT OF THE UNITED STATES TRANSMITTING A PROPOSED APPROPRIATION IN THE AMOUNT OF \$15,000,000 FOR THE DEPARTMENT OF AGRICULTURE FOR THE FISCAL YEAR 1965

THE WHITE HOUSE,  
*Washington, August 14, 1964.*

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I have the honor to transmit herewith for your consideration a proposed appropriation in the amount of \$15,000,000 for the Department of Agriculture for the fiscal year 1965.

The details of this proposed appropriation, the necessity therefor, and the reasons for its submission at this time are set forth in the attached letter from the Director of the Bureau of the Budget, with whose comments and observations thereon I concur.

Respectfully yours,

LYNDON B. JOHNSON.

EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
Washington, D.C., August 14, 1964.

The PRESIDENT,  
The White House.

SIR: I have the honor to submit herewith for your consideration a proposed appropriation in the amount of \$15,000,000 for the Department of Agriculture for the fiscal year 1965 as follows:

“DEPARTMENT OF AGRICULTURE

“AGRICULTURAL MARKETING SERVICE

“FOOD STAMP PROGRAM

“For necessary expenses of the food stamp programs pursuant to the Food Stamp Act of 1964 (78 Stat. 703), \$15,000,000, and in addition \$45,000,000 to be transferred from funds made available for the purposes of section 32 of the Act of August 14, 1935 (7 U.S.C. 612c): Provided, That the amount made available herein shall be in lieu of the amount provided in the item numbered ‘(4)’ under the heading ‘Removal of surplus agricultural commodities (section 32)’ in the Department of Agriculture and Related Agencies Appropriation Act, 1965.”

This proposed appropriation, authorized by the Food Stamp Act of 1964, would augment funds for this purpose included in the Department of Agriculture and Related Agencies Appropriation Act, 1965. The total funds so provided would finance from July 1, 1964, areas now in operation and provide for expansion to reach additional needy persons. The expanded program will not exceed an annual rate of \$100 million by June 30, 1965, the authorized level for 1966.

The amount requested herein when added to amounts previously requested will not increase the totals proposed in the 1965 budget.

I recommend that the foregoing be transmitted to the Congress.

Respectfully yours,

KERMIT GORDON,  
Director of the Bureau of the Budget.

JUSTIFICATION STATEMENT

[H. Doc. 344]

Food Stamp Program, 1965

Appropriation to date-----	0
Request:	
Direct appropriation-----	\$15,000,000
Transfer from section 32 (for 12 months from July 1, 1964)---	45,000,000
Employment:	
Average number current appropriation-----	0
Average number involved this estimate-----	190
Estimated employment July 1, 1964-----	0

PROPOSED LANGUAGE

“Food Stamp Program

“For necessary expenses of the food stamp programs pursuant to the Food Stamp Act of 1964 (78 Stat. 703), \$15,000,000, and, in addition, \$45,000,000 to be transferred from funds made available for the purposes of Section 32 of the Act of August 24, 1935 (7 U.S.C. 612c): Provided, That the amount made available herein shall be in lieu of the amount provided in the item numbered ‘(4)’ under



*the heading 'Removal of Surplus Agricultural Commodities (Section 32)' in the Department of Agriculture and Related Agencies Appropriation Act, 1965."*

## EXPLANATION OF LANGUAGE

The proposed language would provide funds to carry out the Food Stamp Act of 1964 and would substitute for the funds included in the 1965 Agricultural Appropriation Act for the pilot program. Approval of this language replaces the \$35 million provided under section 32 funds for the pilot program in the regular appropriation act (H.R. 11202). The total of \$60 million recommended would finance from July 1, 1964, the total costs in the fiscal year 1965 of pilot areas now under operation and permit expansion of the program under the Food Stamp Act of 1964 (Public Law 88-525) to reach additional needy persons.

The expanded program will not exceed the annual rate of \$100 million by June 30, 1965, the authorized level for fiscal year 1966.

## PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

The food stamp program was begun late in fiscal year 1961 on a pilot basis to test the effectiveness of this approach to improving the diets of low-income families and at the same time increasing the flow of foods from the Nation's farms through regular commercial trade channels. Currently, 43 pilot programs are in operation in 22 States with financing from section 32 funds. The 1965 appropriation bill includes a limitation under section 32 funds for this program.

The Food Stamp Act of 1964, was approved by the Congress on August 11, 1964. This act authorizes the program on a permanent basis with financing through a direct appropriation. It provides for a gradual expansion beginning in 1965 to additional needy persons. The administration has repeatedly stressed the need for an expanded food stamp program to make it more widely available to needy people. Further, expansion of the food stamp program is an important part of the administration's program to improve the nutrition of low-income families. Action to provide the necessary funds early in fiscal year 1965 is imperative so the Department and the States can initiate an orderly expansion. Early action will also permit the States time to make the necessary financial and other arrangements to carry out the operating responsibilities assigned to them under the legislation.

## SUPPLEMENTAL ESTIMATE, FISCAL YEAR 1965

Project	Appropriation to date, 1965	Supplemental estimate 1965	Revised total 1965
Program expenses.....	0	+\$8, 140, 000	\$8, 140, 000
Federal administrative expenses.....	0	+1, 860, 000	1, 860, 000
Total estimate.....	0	+60, 000, 000	60, 000, 000

This supplemental provides funds through a direct appropriation and transfer from section 32 funds for operating present programs and expanding, as contemplated in the Food Stamp Act, the program to additional needy persons.

In the President's economic message to the Congress on February 2, 1961, the Department was requested to establish immediately a pilot food stamp program to test out the effectiveness of such an approach to providing additional nutrition to those in need and in making more effective use of our food abundance. The first pilot project opened in McDowell County, W. Va., on May 29, 1961; by mid-July of that year the program had been extended to seven other areas of chronic unemployment.

Following the initial year of operation a further limited expansion of the pilot program was undertaken. The new localities were designated to evaluate the program in a wider range of operating conditions than was possible during the first year. Further, both the States and the Department needed experience in carrying out their respective responsibilities when more than one county or other political subdivision of a State was involved. As of June 30, 1964, pilot programs were in operation in 40 counties and 3 large cities in 22 States. Participation reached a seasonal peak of 392,000 persons in March 1964.

The pilot programs have been operated under the authority of clause 2 of section 32 of the act of August 24, 1935, as amended. This clause authorizes "expenditures which encourage the domestic consumption of agricultural commodities through benefits, indemnities, donations or by other means for persons in low-income groups as determined by the Secretary of Agriculture." These authorities and funds were previously used by the Department to operate a similar food stamp plan between 1939 and 1943.

Special evaluation studies have been conducted by the Department to determine the effectiveness of the pilot program in expanding farm markets and improving the nutrition of low-income households. From these studies, it has been concluded that the food stamp program is an effective means for accomplishing both expanded farm markets and improved food consumption and nutrition of low-income households. The pilot program operation has demonstrated that such a program is practicable in terms of its administrative and operating aspects.

Based on the success of this pilot operation, legislation was requested to place the program on a continuing basis so as to permit its progressive expansion to those areas of the country where the need for such a program warrants it. The Food Stamp Act of 1964 which provides this continuing authority and authorizes direct appropriation financing was approved by the Congress August 11, 1964.

During consideration of the legislation by the Congress, the administration indicated it would be possible within a 5-year period to gradually extend the program to the estimated maximum participation of 4 million needy people. The act provides authority for appropriation of funds only through fiscal year 1967. The following table reflects the estimated Agricultural Marketing Service costs and employment for this period:

	Fiscal year 1965	Fiscal year 1966	Fiscal year 1967
Estimated costs:			
Program expenses.....	\$58,140,000	\$97,000,000	\$194,000,000
Federal administrative expenses.....	1,860,000	3,000,000	6,000,000
Total Federal costs.....	60,000,000	100,000,000	200,000,000
Estimated Federal employment:			
Average annual employment.....	190	300	600
Yearend employment.....	225	375	650

Under the legislation, designation of new specific locations will be based on recommendations from States cooperating in the program. Therefore, the number and location of additional areas to be covered cannot be determined at this time. It is estimated that over 1 million needy persons would be participating in the program by June 30, 1965, if this request is approved.

#### BUDGET REQUEST, 1965

Chairman HAYDEN. As I understand the explanation of the estimate in House Document 344, you are requesting an appropriation of \$15 million, plus \$45 million to be derived from section 32 funds—or a total of \$60 million for fiscal 1965. I think you had better handle this item, Senator Holland.

Senator HOLLAND (presiding). I understand that Mr. S. R. Smith, Administrator of the Agricultural Marketing Service, is here to testify relative to the supplemental item included in Document No. 344 of the House of Representatives.

Mr. Smith, we will be glad to hear you.

Mr. SMITH. Mr. Chairman, I have a short prepared statement. It is a pleasure again to appear before this committee to discuss the sup-

plemental budget request for 1965 for the food stamp program. The Food Stamp Act of 1964, awaiting signature by the President, authorizes continuation and expansion of the program. The additional funds requested in this supplemental are needed now to initiate the gradual expansion contemplated for this year under the new legislation.

The regular 1965 appropriation bill awaiting action by the conferees contains a limitation on the amount of section 32 funds to be used for the pilot food stamp program.

This supplemental requests that \$15 million be made available through a direct appropriation and that in addition \$45 million be transferred from section 32 funds for a total of \$60 million to finance operations under the new legislation as well as the pilot operations from July 1, 1964.

In other words, this amount requested would be in lieu of the funds previously requested in the regular budget.

#### PROGRAM OPERATION

As of June 30, 1964, the program was in operation in 43 areas. Participation, which varies seasonally, reached a peak last year of 392,000 needy persons in March 1964. The new legislation contemplates a gradual expansion over the next few years, beginning in 1965. An expenditure of \$60 million for the current fiscal year will permit this gradual expansion of the program to a level of approximately 1 million needy persons by June 30, 1965.

The costs on an annual basis for this rate of participation will be within the authorization of \$100 million in the Food Stamp Act for the following fiscal year. This expansion is feasible since programs are already in operation in 22 States and a number of other States have indicated a strong interest to participate.

The number and location of the specific additional areas to be covered cannot be determined at this time. This is because the legislation specifies that designation of all new locations will be based on recommendations from States desiring to participate in the program.

The problems of transition can be eased significantly by financing during this fiscal year from a single account. Therefore, we are recommending that the moneys from the two sources be merged and made available for all expenses of these programs.

This concludes my statement and, Mr. Chairman, I have Mr. Howard Davis, who works directly on the stamp program and who worked with the legislative committees on the legislation, and Mr. Arthur Holmaas of our Budget and Finance Division here with me to assist in answering questions which you and members of the committee may have.

#### RATE OF EXPANSION

Senator HOLLAND. My first question is you are proposing a total of \$60 million for the balance of fiscal 1965 but expect to accelerate the rate of expenditures not to exceed an annual rate of \$100 million by next June 30, is that correct?

Mr. SMITH. That is correct.



## PILOT PROGRAM OBLIGATIONS

Senator HOLLAND. What were your obligations in fiscal 1964 under the pilot program?

Mr. SMITH. \$30,500,000.

Senator HOLLAND. \$30,500,000 was adequate to reach the peak of last year of 392,000. Why do you feel that \$60 million this year will reach 1 million?

Mr. SMITH. This is because of the timelag, Mr. Chairman, which is involved in instituting the program in the different areas. In other words, we can't start tomorrow and say the program starts in this location and this location. Actually a period of 2 to 3 months after definite expression and determination of the area to be covered has been made elapses before everything is in order to place the program in operation.

## STATE REQUESTS FOR PROGRAM PARTICIPATION

Senator HOLLAND. I note you say that the program will be expanded as requests for expansion come from the States. Does that mean that the mere request for an expansion by the State will automatically place it on the receiving list?

Mr. SMITH. Sir, under the new legislation we contemplate that we will address a communication to all States apprising them of the provisions of the statute and the procedure to be followed and it will be from representation and recommendations through the State system to us which will give us the points from which to select and determine.

Senator HOLLAND. Do you mean that your ultimate determination will be based on your own selection from the recommendations made by the Governors?

Mr. SMITH. The final determination will be that of the Secretary predicated on the cases that are made by the respective States submitting requests for participation.

## USE OF SECTION 32 FUNDS

Senator HOLLAND. Does this food stamp program involve simply the use of surplus foods?

Mr. SMITH. No; it does not.

Senator HOLLAND. Why is it that you recommend use of section 32 funds, then, if it does not involve simply the use of surplus foods? Isn't section 32 devoted to the elimination of surplus products, and particularly with reference to perishable crops which are not price supported?

Mr. SMITH. Sir, we have made studies in some of the pilot areas where the food stamp program has been in operation. Those studies go to the pattern of consumption on the part of the participants in the program. Those studies show the very commodities for which section 32, as has been expressed by this committee, should be used, primarily for perishables.

They benefit far more in the increased consumption on the part of participants than do the other commodities, such as meats, fruits and vegetables, fresh milk, and other dairy products. Those are the ones that stand out in terms of augmenting consumption as far as the

stamp plan participants are concerned, so in a real sense I don't think that there is a basic conflict in terms of the use of section 32 funds, as far as implementing, at least in part, the financing of the stamp program.

Senator HOLLAND. However, the purchase of these products isn't based upon the existence of a surplus in that particular commodity, but upon the use requested by the recipient program; isn't it?

#### ASPECTS OF SURPLUS REMOVAL PROGRAM

Mr. SMITH. Well, this stamp program, Senator Holland, has many aspects of a surplus removal program. Through the relationships that have been established with our State cooperating counterparts, with the retailers and the wholesalers, participants under this program are advised of what are good buys, so that the push is made, as far as the commodities in long supply or in surplus are concerned, under this program to a maximum extent.

I would add that the direct impact of this program is not the same as if we were to go out and actually purchase a commodity in surplus.

#### AUTHORIZATION LEGISLATION

Senator HOLLAND. As a matter of fact, the authorization legislation does not authorize the use of section 32 funds; does it?

Mr. SMITH. The basic legislation does not.

Senator HOLLAND. And the Bureau of the Budget has changed the program from a general revenue-supported program to a section 32 program?

Mr. SMITH. The proposal that we are testifying on, sir, is really a combination, part section 32 and part appropriated funds.

Senator HOLLAND. My understanding is, and you may correct me if I am wrong, that your original request complied with the authorization act and asked that the appropriation come out of the general revenue funds. Is that correct?

Mr. SMITH. Our request was that, sir, but I would prefer to have Mr. Grant address himself to that because he was more closely associated with the final negotiations than I was.

Senator HOLLAND. I commend the Department for following the law, whether the Budget Bureau did so or not. Now, Mr. Grant, will you tell us what happened.

#### ESTIMATE DEVELOPMENT AND SUBMISSION

Mr. GRANT. Mr. Chairman, the estimate was developed in the Agricultural Marketing Service and submitted to the Department on the basis of a direct appropriation.

Senator HOLLAND. That is what is provided for by the authorizing legislation; is it not?

Mr. GRANT. Yes, sir; but when it was considered in the Secretary's office the proposal was discussed informally with the Budget Bureau, and on the basis of that discussion it was revised to section 32 financing. However, the Department requested that its preference for a direct appropriation be considered before a final decision was made

with the view of shifting it back to an appropriation. When the estimate was finally submitted by the President it was on the combination basis you have before you.

SHIFT OF ESTIMATE TO DIRECT APPROPRIATION

Senator HOLLAND. What did you mean when you said you requested that it be shifted back to the basic appropriation?

Mr. GRANT. Is your question, Who made the decision to send it on that basis?

Senator HOLLAND. Who made the decision to request that it be shifted to direct appropriation in accordance with the basic law? Is that a request of the Department of Agriculture?

Mr. GRANT. Yes, sir. As I understand it the Secretary called the Budget Director.

Senator HOLLAND. And the Budget Director instead put it in large part under section 32.

Mr. GRANT. Yes, sir.

EFFECT ON 1965 BUDGET

Senator HOLLAND. I note with interest this statement in the budget item.

The amount requested herein when added to amounts previously requested will not increase the totals proposed in the 1965 budget.

That would not be the case if this came out of general revenue, would it?

Mr. GRANT. It is my understanding that would not be the case; yes, sir.

Senator HOLLAND. So this is just "shadow boxing" to make the appropriation look like it is conforming with the original budget rather than act in conformance, is it not?

Mr. GRANT. I think that could be said that way. It would mean, as I understand it, the total expenditure—

Senator HOLLAND. Would be increased?

EFFECT OF SHIFT ON APPROPRIATIONS AND EXPENDITURES

Mr. GRANT. Well, the total appropriations would be increased, but the total expenditures probably would not be increased, that is, cash disbursements. Whether you spend out of section 32 or the direct appropriation it really doesn't affect net budgetary expenditures, assuming that the money would not otherwise be used on section 32.

Senator HOLLAND. Isn't that what you mean, that if used out of section 32 it wouldn't show up in the general revenue commitments of the budget, but they would nevertheless be available for expenditures and would be expended?

Mr. GRANT. Yes, sir.

Senator HOLLAND. I call that "shadow boxing."

Senator ELLENDER. Mr. Chairman?

Senator HOLLAND. Senator Ellender.



## EFFECT ON SURPLUS FOOD DISTRIBUTION

Senator ELLENDER. I held the hearings as to the food stamp plan and today we are spending on the distribution of surplus foods, as I recall, \$320 million a year?

Mr. SMITH. I think that is approximately right, Senator.

Senator ELLENDER. The food stamp program will gradually supersede this program. I mean that is the idea. In about 4 or 5 years that will have happened.

As I recall, for the first year you were to spend \$75 million on the food stamp program, the second year \$100 million, the third year \$200 million, and with these stamps—

Senator HOLLAND. That wasn't the authorization. Excuse me. Go ahead.

## INCREASED FOOD CONSUMPTION

Senator ELLENDER. That is correct. With these stamps the housewife is to buy whatever she desires to give the family a fair, balanced diet. That will include the purchase of all sorts of commodities, and I wish you would tell the committee, if you have the figures there, how much the increase in the sale of beef amounted to because of the food stamp program that was instituted on a trial basis.

## RESEARCH IN SEVERAL PROJECTS

Mr. DAVIS. We conducted some rather extensive research in several of the projects, particularly in Detroit, and we found there that prior to the inauguration of the food stamp program the needy persons that were served by the direct distribution program were consuming about  $1\frac{3}{4}$  pounds of meat a week per person. After the food stamp program went into effect this jumped to  $2\frac{3}{4}$ , 1 pound more per person per week.

Similarly, we found increased consumption of a number of other commodities with which we are quite concerned from a price-support and surplus-removal standpoint.

Senator ELLENDER. Under the food stamp program the State of course must make application to become eligible, and the Department of Agriculture decides finally whether or not any part of the State will be eligible. The way it operates is, if a family spends, let's say, \$100 a year for food, they will turn in this \$100 and buy food stamps that will be equal in value not to \$100, but about \$125 to \$140. Is that correct?

Mr. DAVIS. Yes, sir.

## INCLUSION OF MORE AREAS IN PROGRAM

Senator ELLENDER. They can then buy this extra food, which includes a lot of products to make up this balanced diet that we hear about so much. As I understand, we have a further provision in the law, which would be in answer to a question asked by Senator Holland, and although you have but \$100 million for the second year, if more counties or States apply for the food stamp program, then instead of

paying as much as 35 percent by way of additional stamps, you can reduce that to 20 or 25 percent. So that more areas can be taken in with the fixed amount of \$100 million for next year. Is that correct?

Mr. DAVIS. Yes, sir. The law provides that.

#### FOOD STAMP PLAN REPLACING SURPLUS DISPOSAL

Senator ELLENDER. That was one of my suggestions. I am glad it was carried out, but the point I desire to emphasize is that this food stamp plan is to take the place of the surplus disposal program we have where there has been a lot of waste. This new program which will supersede the present program within the next 4 or 5 years will give those entitled to relief the opportunity of buying almost whatever they desire except such goods as are named in the act, and that is tobacco, alcohol, and things of that kind.

However, the point is that this program is to give them an opportunity of buying a sufficient amount of foods, including fruit, meat, and so forth, to give them a balanced diet.

Mr. SMITH. Yes.

Senator ELLENDER. I can see some good reason, although it wasn't mentioned in the bill, to use some of these section 32 funds. As to the amount, I am not prepared to estimate a total at the moment.

#### LEVELS OF AUTHORIZATION

Senator HOLLAND. What did you say is the authorization for the second year?

Mr. SMITH. \$100 million.

Senator HOLLAND. And the third year?

Mr. SMITH. \$200 million.

Senator HOLLAND. Beginning to use section 32 funds, then, to enter into a program as large as this, would constitute a real jeopardy to section 32 funds if they were proposed to be used to finance large parts of the program in ensuing years; would it not?

Mr. SMITH. I think that is right, Senator Holland. As far as fiscal 1965 is concerned I would say that I look upon it as being a transition year, which I believe it is. We are now in the process of continuing the program in the 43 pilot areas, which we assume will be carried on, and they currently are being financed with section 32 funds, so that fiscal 1965 will be finished out with a combination of direct appropriation and section 32 moneys.

Then as far as 1966 is concerned, that issue has to be faced—of following the authorization of the statute or not, sir.

#### AUTHORIZATION TIME FOR FOOD STAMP PROGRAM

Senator HOLLAND. I think it should be faced now, because, if we once establish the precedent of using section 32 funds for a program that is going to be as large as this, I think it will be making a real impairment of section 32 funds before long.

What is the total time covered by the authorization for this food stamp program?

Mr. SMITH. Through fiscal 1967.

Mr. DAVIS. Yes, sir.

Senator HOLLAND. Then the last year of the 3-year period shows a \$200 million program?

Mr. SMITH. Right.

Senator HOLLAND. There is no indication of what would come after that if the program were continued?

Mr. SMITH. Right.

Senator ROBERTSON. Mr. Chairman, may I ask a question too, here?

Senator HOLLAND. Yes, Senator Robertson.

PASSING BILLS WITHOUT DUE CONSIDERATION

Senator ROBERTSON. Mr. Chairman, last Saturday I indicated my alarm at the willingness of Congress in its last few days of closing session to pass bills of tremendous import with very little, if any, consideration.

At that time I had read in the Record of Friday that the Judiciary Committee had reported a bill to make October 12 a national holiday. Last year we had five bills to create five national holidays. I got figures at that time to show that each national holiday would cost us approximately \$1 billion and so I wrote the objectors and I wrote the majority leader to please not bring up the bill and make Columbus Day a national holiday until we can take a look at whether or not we are willing to invest a billion dollars a year in paying tribute to Columbus. He never actually got to what we call the United States.

We are indebted to him. I found that the bill had been passed without any report. I couldn't get the report. As soon as we met it had been passed.

Now we have a proposal, if I understand it, to change our regular appropriation bill on which we had months of hearings and calm deliberation. Some years ago we authorized the Department of Agriculture to get one-third of the tariff that we collected on agriculture imports. That amounts to about \$300 million a year. We permitted the Agriculture Department to accumulate that and, in 1964, they had an accumulation of \$664 million from that fund.

JEOPARDIZING SECTION 32 FUNDS

Now, if I understand this, they want us to allow them to draw against that fund and also one-third of all future imports, which would allow, let us say, \$100 million to go up to \$200 million a year for a new food stamp plan without coming to us for appropriation. Is that what is involved?

Senator ELLENDER. No.

Senator HOLLAND. No. The appropriation would have to be made each year, but the thing that I object to strenuously is starting off with financing this program, which is authorized to be financed out of general revenue, from section 32 funds, when we know that the size of this program is to increase so rapidly to where it would become a real jeopardy to section 32 funds.

Senator ROBERTSON. Some people think if we earmark an excise tax we don't take it out of the Treasury, and, if we earmark a third of the tariff receipts, they aren't taken out of the Treasury. But you might as well recognize the fact, whether it appears in the budget or not, that you have spent that much of the public funds.



## BACK-DOOR FINANCING

The burden of my theme here today is this: I have been fighting for years in the Banking and Currency Committee to stop the back-door financing of public housing, of urban renewal, of mass transportation, and of area redevelopment. All of those have costs which do not appear in the immediate budget and if we were called upon to appropriate the money we wouldn't appropriate it. It would astound us that it runs into such big money. I wasn't too sure—because I haven't had a chance here in a day or 2 days before we recess, and maybe won't see this bill again—to find out just what this proposal is.

Will you state it again and assure me that this does not commit us to appropriating, in back-door financing, money for a food stamp program for which we were supposed to appropriate the money regularly?

Senator HOLLAND. The food stamp program bill was handled by one of the ablest Senators we have, Senator Ellender, and it is not a back-door financing program. While there may be a difference of opinion as to some of its terms, it is certainly not back-door financing.

## APPROPRIATION REQUIRED YEARLY

Furthermore, it is limited by appropriations for each year; that is, the authorization is for \$100 million for next year and for \$200 million for the third year, and it is required that that appropriation, which is authorized to be made out of general revenue, shall be made each year.

The appropriation comes to us each year, and the question now before us is whether we should divert all or any part of it from general revenue into section 32 funds, and it is to that that I very strongly object.

Senator ROBERTSON. May I read this language and ask you to interpret it?

Senator HOLLAND. Right.

Senator ROBERTSON (reading):

Proposed language, food stamp program. For these expenses of the food stamp programs pursuant to the Food Stamp Act of 1964, \$15 million, and in addition, \$45 million to be transferred from funds made available for the purposes of section 32.

Is that appropriating, or is that just taking it out of funds that come in automatically? That is the point I want to know.

Senator HOLLAND. The budget request makes it very clear that this is a departure from the Food Stamp Act of 1964, which is an authorization for appropriations from general revenue, and this is an estimate requesting an appropriation of \$15 million out of general revenue and \$45 million out of section 32 permanent funds.

## LOSS OF MILK THROUGH INSECTICIDE USE

Senator ROBERTSON. In our regular bill we had a school lunch program under which now they are buying beef. I am glad, because the prices have been greatly depressed. We are buying milk also at over \$100 million, and I am glad. I just wanted to know why the Department of Agriculture isn't equally concerned about section

331 of the antipoverty bill. Isn't that just as much a law as the food stamp and school lunch program? Isn't that just as much of a law, or is it? I am asking the Department of Agriculture.

Mr. SMITH. Yes, sir; it is.

Senator ROBERTSON. All right. Why haven't you asked for any money for that, when we directed you to reimburse the farmers who lost milk because they used the insecticide that you had recommended?

Mr. GRANT. Senator, that section of the Economic Opportunity Act is being considered. An estimate is being worked on. I don't know whether there will be one submitted or not, but it is being worked on.

#### RECOMMENDED INSECTICIDE USE

Senator ROBERTSON. The farmers in Virginia thought you had just as much chance to consider that as some of these other emergency things and they were sort of under the impression that you didn't want to admit that you had recommended this insecticide that poisoned the alfalfa. Is there any truth to that charge? Do you deny that you recommended this spray?

Mr. GRANT. No, sir.

Senator ROBERTSON. Do you deny that those who grew alfalfa with it had their milk thrown off the market?

Mr. GRANT. No, sir.

Senator ROBERTSON. Do you deny that you had the responsibility for the farmers following your recommendation?

Mr. GRANT. No, sir; I think the Government probably has a responsibility here.

Senator ROBERTSON. All right, then. Since we authorized you to compensate them if they could actually prove their damage, why didn't you come up with some request out of this \$900 million for people that had been actually injured and to whom we owed a moral duty, if not a legal one? Why didn't you ask for some fund when you appeared before the House for that program?

Mr. GRANT. Senator, I might say it this way. The \$900 million that you are referring to is to carry out the provisions of the Economic Opportunity Act. Section 331 is an authorization to the Department of Agriculture.

Senator ROBERTSON. Is that any lesser a law than the school lunch program or the food stamp thing?

Mr. GRANT. No.

#### FUNDS TO INDEMNIFY FARMERS FOR MILK LOSSES

Senator ROBERTSON. All right. Then you come in and ask for funds for those items. You say this is a law that they shall be reimbursed by you and still you don't ask any money for it. Why don't you ask for the money for it?

Mr. GRANT. An estimate is being developed on this.

Senator ROBERTSON. An estimate is being developed and next year or the year after you will get around to recommending it.

Mr. GRANT. The Department has recommended an estimate on this to the Budget Bureau.

Senator ROBERTSON. How much?

Mr. GRANT. \$8,800,000.

Senator ROBERTSON. Then would you have any objection now to earmarking \$8,800,000 in this bill for those who can comply with the law and prove their loss?

Mr. GRANT. None whatsoever, sir. This is up to the Congress.

Senator ROBERTSON. All right.

Senator HOLLAND. May I say to the Senator from Virginia that the chairman has full sympathy with that effort and proposes to go into that later in this same hearing.

Senator YOUNG. Mr. Chairman.

Senator HOLLAND. Senator Young.

#### AMENDMENT TO AUTHORIZE INDEMNITY TO FARMERS

Senator YOUNG. As long as this question has been raised I would like to point out that I sponsored the amendment to the antipoverty bill that authorizes indemnification of farmers for the milk condemned. Mr. Grant, you stated that your request of the Bureau of the Budget is for \$8,800,000.

Mr. GRANT. \$8,800,000.

#### USE OF SECTION 32 FUNDS

Senator YOUNG. I think funds should be provided. Mr. Chairman, I would also just like to join you in your concern over the use of section 32 funds for this food stamp program. It has been my feeling ever since I came here over 19 years ago that section 32 funds should be used primarily to help in distribution of perishable commodities when they are in surplus. I think that to use this fund for any large amount of money would be wrong.

Senator HOLLAND. May I say that we have been, I think, cooperative in this regard because we have permitted the transfer of a large part of the cost of the school lunch program from section 32 funds because undoubtedly it has reference to both the use of ordinary surpluses in support-price commodities and to other commodities, but to start on this large program with that kind of diversion I think would be exceedingly dangerous.

#### AID IN PREVENTING SURPLUSES

Senator ELLENDER. I again reiterate that it would seem to me that since this food stamp program is going to assist the dairy people in that more milk will be sold, since it will assist cattle raisers since more meat will be sold, and since it will assist the fruitgrowers since more fruit will be sold, I believe that a certain amount of the expenses should come out of section 32 funds. That is what the fund is for. I believe that during the hearings held before the committee of which I am chairman, 3 or 4 weeks ago, there was strong indication that this food stamp plan is going to go in the direction of assisting the disposition of quite a lot of our surpluses that are not protected by any support price. Therefore, it would seem to me that quite a sum of what we are now asking to be appropriated should come from section 32 funds.

That is all I am suggesting.



## KEEPING TRACK OF FUNDS

Senator ROBERTSON. Well, absolutely, because unless we put the items in the budget nobody can keep track of what we are actually spending. Just to say, "Well, the revenue fell off," that doesn't explain it. If you took \$4 or \$5 million out of tariff money that ought to go into the Treasury and divert it to something else you can't trace it.

Senator ELLENDER. Mr. Chairman, in connection with what I just stated I would ask that the witness be permitted to prepare a table indicating the additional amounts of meats, and milk, and so forth, that have been purchased through this food stamp plan that has been in existence for 3 years now. That should give us a fair indication of how much of those surpluses have been used and we can then probably make a determination as to how much of the funds for the first, second, and third year may be taken from the section 32 funds. Is that all right?

## APPROPRIATION REQUEST

Senator HOLLAND. I certainly want that to be shown in the record, but I do call attention to the fact that the request in the annual budget was for the appropriation of \$45 million out of section 32 funds for school lunch and that was the full amount requested.

Senator ELLENDER. Not the full amount.

Senator HOLLAND. The full amount.

Senator ELLENDER. I thought you were talking about this \$45 million.

Senator HOLLAND. The House took all of it out of section 32. The Senate, meaning this full committee, reduced the amount to \$35 million because of the pendency of this permanent stamp program bill, and in the committee report insisted that the expenses for it come out of general revenue.

While I am perfectly willing to have the record show, and I think it would be well to have it show, what has been requested now by the Senator from Louisiana, I do want to call attention to the fact that there is a very definite move to finance this whole thing out of section 32 funds, and that is what I greatly object to.

(The information referred to follows:)

STATEMENT OF THE DEPARTMENT OF AGRICULTURE SUBMITTED IN CONNECTION  
WITH H.R. 10222

## IMPACT OF THE FOOD STAMP PROGRAM ON FOOD PURCHASES AND CONSUMPTION

The following table shows that the food stamp program has brought about an overall increase of 24 percent in the use of grains directly and indirectly among participating families above their preprogram level of consumption when the direct distribution program was in operation. This conclusion is based on a special analysis of changes in household food consumption made in Detroit, Mich., as part of the initial evaluation of the pilot food stamp program. Participation in the Detroit pilot program represented over half of the total participation in the original eight pilot areas.

On a per capita basis, participating families increased their direct consumption of grains or grain products from 4.8 to 5.2 pounds per week. In addition, the indirect use of grains through the consumption of animal products increased from 39.1 to 48.4 pounds per person per week. This substantial increase in consumption of animal products resulted when families used their additional purchasing power to purchase more of these products.

*Grain consumption under the commodity donation and food stamp programs,  
Detroit, Mich.*

Food categories	Pounds of grain consumed per person in 1 week	
	Under commodity donations (April-May)	Under food stamp program (Sept.-Oct.)
Foods consumed as grains or grain products:		
Wheat:		
Flour and cereal products.....	2.1	2.2
Commercial bakery products.....	1.4	1.8
Total.....	3.5	4.0
Corn and products (total).....	1.0	1.0
Rice (total).....	.3	.2
Total grains and products.....	4.8	5.2
Grain feeds required for animal products consumed:		
Meats and products.....	24.0	32.2
Poultry and eggs.....	7.9	9.0
Dairy products.....	7.2	7.2
Total grain feeds.....	39.1	48.4
Total food and feed grains.....	43.9	53.6

IMPACT OF PROGRAM ON CONSUMPTION OF MAJOR FOODS, DETROIT, MICH.

Approximately 80 percent of the increased food purchasing power provided under the stamp program was directed toward increased consumption of animal products and fruits and vegetables. Other foods, as indicated in the following table, such as fats and oils and sugar experienced smaller increases.

*Quantities of specified foods consumed in a week per member of participating families, before and after initiation of Federal food stamp program, Detroit, Mich., 1961<sup>1</sup>*

	Under commodity program April-May	Under food stamp program September-October	Difference
	<i>Pounds</i>	<i>Pounds</i>	<i>Percent</i>
Meat.....	2.753	3.782	37.4
Poultry.....	1.014	1.348	32.9
Fish.....	.364	.471	29.4
Milk, cream, ice cream, and cheese <sup>2</sup> .....	7.372	7.438	.9
Shell eggs.....	.470	.550	17.0
Fats and oils.....	.863	1.027	19.0
Flour and other cereal products including bakery items.....	4.083	5.336	30.7
Sugars, sweets.....	1.143	1.230	7.6
Fresh vegetables.....	1.806	4.062	124.9
Potatoes, sweet potatoes.....	1.875	1.973	5.2
Fresh fruits.....	1.564	2.618	67.4
Commercially frozen fruits and vegetables.....	.049	.096	95.9
Commercially canned fruits and vegetables.....	.824	1.085	31.7
Fruit and vegetable juices, fresh, frozen, canned, powdered...	.307	.539	75.6
Dried fruits and vegetables.....	.354	.337	-4.8

<sup>1</sup> Before adjustment for seasonal changes in price and foods consumed. Includes home produced, gift, and federally donated as well as purchased foods.

<sup>2</sup> Fluid milk equivalent.

Senator ELLENDER. I don't blame you and I wouldn't support that.

## ANTIPOVERTY LEGISLATION AFFECTING AGRICULTURE

Senator HOLLAND. Mr. Smith, there is of course authority in the recently enacted poverty legislation to pay expenses similar to those purposes under the food stamp program, is there not?

Mr. SMITH. Senator, if there is I am personally not familiar with it.

Senator HOLLAND. I will ask Mr. Grant.

Mr. GRANT. I am not familiar with it either, Mr. Chairman. It is true that the food stamp program would contribute to the same overall objectives of alleviating poverty, but there is no specific authorization in the poverty law.

## LEGISLATIVE AUTHORIZATION

Senator HOLLAND. What is the authorization in the poverty program for the Department of Agriculture?

Mr. GRANT. There is a provision in title III for loans to help raise and maintain the income and living standards of low-income rural families. This is a loan program which, we understand, will be delegated to the Department and carried out by the Farmers Home Administration to make loans to farmers who could not otherwise qualify for a Farmers Home Administration loan.

Senator HOLLAND. What other provisions are there in there?

Mr. GRANT. The Forest Service will be carrying out a portion of the work relating to the Job Corps, particularly the conservation camps. There are other activities concerning which the Office of Economic Opportunity may call on the Department of Agriculture to participate, but so far we do not have any clear assignment in areas other than those I have mentioned.

Senator HOLLAND. You do have section 331, which directs you to make payments to the dairy farmers who sustained these losses that were mentioned by the Senator from Virginia and the Senator from North Dakota?

Mr. GRANT. Yes.

Senator HOLLAND. So the Department of Agriculture does have various functions to perform under the Antipoverty Act.

Mr. GRANT. Oh, yes, sir.

## LOCATION OF NEW FOOD STAMP AREAS

Senator HOLLAND. In what cities do you propose to expand this program now that it has become permanent under the recent Food Stamp Act?

Mr. DAVIS. As Mr. Smith mentioned earlier in his statement, at this point we do not know the specific areas to which the program would be extended during this year if the committee provides the necessary funds. The bill provides that the States shall recommend to the Department various areas within their borders to which they would like the program extended and the bill further provides that in extending the program to these requested areas the Secretary shall proceed in an orderly, equitable fashion to give each State an opportunity for its fair share of this expansion.



With all of these factors in mind, as Mr. Smith further pointed out, our next step following the signing of the act and the provision of funds is to go to the State governments and ask them which areas they would like to have included in the program.

Following that we will, on the basis of a timetable developed with them, proceed to inaugurate the program in additional areas.

Senator HOLLAND. You have no definite program?

#### GOAL OF EXPANDING THE PROGRAM

Mr. DAVIS. We have a goal of expanding the program from its present rate of around 400,000 persons to somewhere close to a million persons by the end of the year. How many new areas this will involve depends on the size of each area and the number of people that participate.

Senator ELLENDER. Than the State applying?

Mr. DAVIS. Yes.

Senator ELLENDER. You can't take action unless the State applies?

Mr. DAVIS. That is correct.

#### EXPENDITURES OF PILOT PROGRAM

Senator HOLLAND. Have you supplied for the record, heretofore, the rate and amount of expenditures per city of the existing pilot program?

Mr. SMITH. I don't think we have, Mr. Chairman.

Senator HOLLAND. Will you please supply that?

Mr. SMITH. We will.

Senator HOLLAND. You can do so without delay; can you?

Mr. SMITH. Yes, sir.

Senator ALLOTT. Mr. Chairman, will you yield at this point.

Senator HOLLAND. Of course.

Senator ALLOTT. I would like some information at the same time, if you will permit me.

I would like to have a list of the counties and cities, the 40 counties and 3 large cities, their location, and the amounts utilized in the past year in each of the categories; that is, for each county and each city.

Mr. SMITH. Would that be for fiscal 1964, sir?

Senator ALLOTT. The last fiscal year; yes.

Mr. SMITH. Yes.

(The information referred to follows:)

## FOOD STAMP PROGRAM

## TOTAL VALUE OF BONUS COUPONS, FISCAL YEAR 1964

<i>State and county</i>	<i>Total value</i>	<i>State and county</i>	<i>Total value</i>
Alabama :		Oregon : Multnomah-----	599, 853
Jefferson-----	\$1, 264, 132	Pennsylvania :	
Walker-----	512, 770	Cambria-----	789, 862
Arkansas : Independence--	83, 566	Fayette-----	1, 588, 734
California : Humboldt-----	69, 828	Luzerne-----	855, 505
Illinois : Franklin-----	168, 945	Pittsburgh (city)-----	2, 906, 769
Indiana : Vanderburgh-----	324, 127	Tennessee :	
Kansas : Rice-----	4, 142	Grundy-----	171, 569
Kentucky :		Hamilton-----	432, 373
Floyd-----	534, 566	Marion-----	278, 107
Knott-----	437, 946	Sequatchie-----	33, 572
Perry-----	546, 722	Virginia :	
Louisiana :		Dickenson-----	230, 880
Avoyelles-----	541, 305	Lee-----	238, 584
Evangeline-----	844, 277	Wise-----	320, 461
Michigan : Detroit (city)--	4, 379, 683	Washington :	
Minnesota :		Grays Harbor-----	65, 079
Carlton-----	52, 667	West Virginia :	
Itasca-----	109, 598	Logan-----	621, 519
St. Louis-----	508, 034	McDowell-----	749, 233
Missouri : St. Louis (city)-	961, 246	Mingo-----	610, 303
Montana : Silver Bow-----	85, 414	Wayne-----	415, 673
New Mexico :		Wisconsin :	
Mora-----	54, 389	Douglas-----	106, 174
San Miguel-----	250, 436	Iron-----	25, 627
Santa Fe-----	139, 985		
North Carolina : Nash-----	298, 935	Total-----	28, 643, 981
Ohio :			
Cuyahoga-----	4, 362, 251		
Lucas-----	1, 068, 840		

## DAIRY INDEMNITY PAYMENTS

Senator ALLOTT. Thank you, Mr. Chairman.

Senator ROBERTSON. Mr. Chairman, I have an appointment. If I may be excused for making it, Senator, and, in view of the fact that we have distinguished colleagues here to speak in behalf of the provision in this bill to reimburse dairy farmers who can prove their claims under section 331 of the antipoverty bill, I wish to announce that when we get the bill from the House I shall offer an amendment to authorize \$8,800,000.

I assume by that time we will have the budget estimate referred to. I understand the House is going to quit for the convention Wednesday so that the bill will not get to us until they come back in September, and, consequently, not having the bill, I can't offer an amendment. I wouldn't know where to put it. I just want to say that I shall offer that amendment as a basis for the testimony that you will hear both from Senator Young and from the Maryland Senators and the others at the appropriate time.

Senator HOLLAND. Would you like to have that amendment, a committee amendment, coming from this whole committee?

Senator ROBERTSON. I would very much prefer that.

Senator HOLLAND. That is what the chairman of the subcommittee is going to suggest.

Senator ROBERTSON. Nothing could be better than when the whole committee does it.

#### INDEMNITY PAYMENTS TO DAIRY FARMERS

Senator HOLLAND. I thank the Senator.

Now, let us come to the question of the indemnity payments to dairy farmers. You are familiar, of course, with section 331 of the anti-poverty bill, which gives authority to the Secretary of Agriculture to make indemnity payments at a fair market value to dairy farmers who have been hit by this program of confiscation, or forced removal of their milk from the markets as a result of the discovery of heptachlor in the milk, which in turn followed the use of heptachlor in the approved way upon forage consumed by the milk cows.

Do you have a recommendation to make as to the amount of such indemnity so that we can incorporate it in this bill?

Mr. GRANT. Mr. Chairman, we do not have an estimate at this time. As I indicated a little earlier, the Department has been working on an estimate and we have submitted a proposal to the Bureau of the Budget.

Senator HOLLAND. What was the amount of your proposal? This committee is going to have to act before we go home.

Mr. GRANT. \$8,800,000.

Senator HOLLAND. Was that based upon a careful evaluation of the amount of loss which has been brought to your attention as sustained by the dairy farmers in the Washington milkshed area as a result of this problem?

Mr. GRANT. I would like to ask Mr. Nemshick of the Agricultural Stabilization and Conservation Service, who worked on this estimate, to comment on this point.

Senator HOLLAND. Mr. Nemshick.

Mr. NEMSHICK. Mr. Chairman, the estimate of \$8,800,000 is necessarily a judgment estimate. It is based on what I understand is fairly limited information as to the spread of this problem.

#### EXTENT OF AFFECTED AREAS

Senator HOLLAND. Has it spread anywhere else except in the Washington milkshed?

Mr. NEMSHICK. I do not have all of the geographic areas where the problem has arisen, but the Food and Drug Administration re-



cently reported that actionable levels of contamination were found in only about 3 percent of 3,717 samples examined in areas believed to have the highest contamination. So on the basis of that 3 percent in the highly contaminated area the best judgment of the dairy people was that a fraction of 1 percent of the total annual milk marketed would be affected by this on a nationwide basis.

## PERIOD OF TIME COVERED

Senator HOLLAND. On what period of time, as to the destruction of the milk, is this estimate based?

Mr. NEMSHICK. This is to cover all milk ordered disposed from January 1, 1964, through January 31, 1965.

Senator HOLLAND. What period of time have you estimated it will take to eliminate this residue from the milk of the cows?

Mr. NEMSHICK. Here again I have only limited information. I have heard the dairy people report that if there is a very small amount of contamination there is a possibility of fairly early clearance of the contamination.

## AMOUNT OF CONTAMINATION

If it is a heavy concentration there seems to be little or no information as to how long it might take to clear it up.

Senator HOLLAND. Am I correct in my understanding that these contaminations are very small. I remember reading the announcement of the Food and Drug Administration in the Washington press reassuring parents who were users of milk that there was not enough contained in the milk to have been harmful to them or their children. That couldn't be regarded as any large contamination; could it?

Mr. NEMSHICK. No, sir; and I have no information that indicates any of this is actually harmful.

Senator YOUNG. Mr. Chairman, the statement made by Mr. Nemshick leaves the wrong impression. This contamination is so minute that they weren't even able to detect it with the devices that they had up until just a few months ago. It is just a very minute contamination.

Mr. NEMSHICK. This is true, Senator Young.

Senator HOLLAND. I have so understood it. I am glad the Senator from North Dakota brought that out. My understanding is that improved methods of detection have made it possible for the Food and Drug Administration to discover a tiny little residue in milk which they had been clearing for commercial use up to that time. Is that correct?

Mr. NEMSHICK. I believe so, sir.

Senator HOLLAND. Am I correct in my recollection that the Food and Drug Administration in connection with its announcement that this milk was not to be allowed to be marketed also announced that it was not harmful for human consumption in the amounts that had been discovered up to that time?

Mr. NEMSHICK. I am not aware of their particular report, but I believe you are right, Mr. Chairman.

Senator HOLLAND. I saw that in the press here.

## ACTION BY LOCAL HEALTH AUTHORITIES

Mr. SMITH. Actually, Senator Holland, the action was precipitated by our local health authorities. I don't believe it was by Food and Drug itself.

Senator ELLENDER. It was stated that the Department of Agriculture was responsible for that. Will you tell us how?

Mr. GRANT. I don't believe that the Department of Agriculture is responsible.

## DEPARTMENT OF AGRICULTURE RESPONSIBILITY

Senator ELLENDER. The Senator from Virginia made that statement. I would like to explore that further.

How was the Department responsible for it?

Mr. GRANT. Of course, the Department did register the chemicals that were used and approved their use under specific conditions. But with the more precise means of measuring they are now being able to detect the residue in the milk.

Senator YOUNG. And the tolerance is zero. There can be no residue at all in the milk according to the Food and Drug Administration.

Senator ELLENDER. What steps did you take to prevent this? Did you recommend that this pesticide be withdrawn from the market?

Mr. GRANT. I would like to clarify this or correct it after reviewing it with someone from the Agricultural Research Service, but as I understand it they have withdrawn it for use on alfalfa.

Senator ELLENDER. Won't it be necessary to find out whether or not these farmers used this pesticide in accord with the directions of the Department before they can get paid?

Senator YOUNG. Mr. Chairman, I was responsible for the amendment, and this is required. The authorization ends next January 31, so the only payments made will be up to that time.

## TEXT OF AMENDMENT

Senator HOLLAND. At this time I ask that the section 331, which is what you are referring to, I am sure, Senator Young—

Senator YOUNG. Yes.

Senator HOLLAND (continuing). Be copied into the record.

(The information referred to follows:)

## PART D—INDEMNITY PAYMENTS TO DAIRY FARMERS

Sec. 331. (a) The Secretary of Agriculture is authorized to make indemnity payments, at a fair market value, to dairy farmers who have been directed since January 1, 1964, to remove their milk from commercial markets because it contained residues of chemicals registered and approved for use by the Federal Government at the time of such use. Such indemnity payments shall continue to each dairy farmer until he has been reinstated and is again allowed to dispose of his milk on commercial markets.

(b) There is hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

(c) The authority granted under this section shall expire on January 31, 1965.

## AUTHORITY TO CHANGE REGULATIONS

Senator HOLLAND. What is the specific requirement in the existing law which permits a Federal agency, as it has the Food and Drug

Administration in this instance, to change the rules in the middle of a production or subsequent marketing program?

My understanding is that under methods of detection which they had used they were clearing this product and an improved method of detection was developed under which they could determine the means of much more minute particles and that this problem arose from that fact.

Under what law is that kind of a change possible after the Department of Agriculture has processed in good faith to approve, register, and certify a chemical for use and it is being used, and assuming that it is being used in accordance with the regulations which are approved what provision of law permits the Food and Drug Administration to change its verdict in the middle of the program?

Mr. SMITH. Senator Holland, this does not fall within my jurisdiction but in any way I can be helpful I will be glad to do so. If no one else proffered an answer to your question I shall attempt to do so.

We have in the Agricultural Marketing Service very extensive and close working relationships with the Food and Drug Administration. As I understand their position is predicated on their basic law. They would no doubt answer your question by saying it is within the framework of our basic law which permits us to do this; in other words, that we are not tied to any one specific type of test when new tests are developed with the passage of time.

As to their policy in instituting and requiring one test, a new test versus an old one, I am not in the position to give you that information, sir.

#### REFERRAL OF REMEDIAL LEGISLATION

Senator HOLLAND. Our subcommittee in its hearings requested that if there was any need for remedial legislation it be recommended to us, it be recommended to the legislative committee so ably headed by the Senator from Louisiana.

I haven't heard of any such program. Where can we get such a recommendation, because it is absurd to have an agency, as happened in this case, state that under its new developments it found a tiny little fraction that they couldn't find before and therefore they were causing the milk to be destroyed and at the same time announcing to the consuming public no harm had been done, that it wouldn't hurt the children or human beings to consume the milk. That just isn't reasonable. It isn't practicable.

#### REQUESTS FOR REMEDIAL LEGISLATION

Where we can get suggestions for remedial legislation? We have asked for it. We have asked the Department of Agriculture at our earlier hearings. You were there, Mr. Grant, and I haven't heard of any developments in that regard.

Mr. GRANT. I do not know that any legislation has been recommended. I know that Dr. Brady is working with the representatives of the Department of Health, Education, and Welfare, the Department of the Interior, and the Office of Science and Technology to arrive at a working arrangement here.

I believe recommendations for legislation should come from this committee or group which is trying to resolve these problems.



Senator HOLLAND. All I can say is it is a rather absurd position you put the Appropriations Committee in under such a development as this when in good faith we have in other capacities passed a law and that law is being operated under strictly and one department clears the product up to a certain date, and then thereafter that same product is banished from the markets and this great loss is followed and you come here and ask for \$8,800,000 to be appropriated to meet what will probably prove to be only a part of the loss.

#### DUTY TO MAKE RECOMMENDATIONS

To my mind there is a very heavy duty on the Department of Agriculture and likewise the Department of Health, Education, and Welfare to make some recommendations here to relieve our budget and the general public from that sort of a situation.

I certainly strongly, with all the urgency that I can, request you to speed the development of remedial legislation because it isn't right. The state of knowledge isn't going to stop. They are going to find more and more expert methods of analysis and determination.

Senator YOUNG. Mr. Chairman?

Senator HOLLAND. Yes, Senator Young.

Senator YOUNG. I doubt that payments will run into any sizable amount of money because they are authorized under this act only for that period when these chemicals were authorized. The use of the two chemicals that caused the trouble was stopped some time ago so anything occurring after that date wouldn't be covered for payment since authorization expires next January 31, there is only a short period and the problem covers a relatively small area. I am not an authority on it, but I don't think it will mean any sizable amount of money.

I doubt that it would be beyond \$8,800,000 requested by the Department, probably not that much.

#### CRANBERRY PAYMENT PROGRAM

Senator HOLLAND. I hope so and I suspect that is true with reference to this emergency, but this same thing can occur in other fields. It did occur in the cranberry field and my next question is about that. In connection with the cranberry situation on which you were authorized to and did make some payments 3 or 4 years ago, did the Food and Drug Administration ever place in the record a showing as to how many cranberry producers disregarded the instructions on that chemical and what amount of the total crop was seized by the Food and Drug Administration?

Mr. SMITH. Senator Holland, I guess I am the best person to answer that question because that program happened to fall under my jurisdiction at that time.

I can't from memory give you the amount and number of cranberry growers that were involved.

Senator YOUNG. The amount was a little over \$8 million.

Mr. SMITH. I mean that was contaminated. That is what I had reference to first.

Senator HOLLAND. Do your records show that?

Mr. SMITH. I don't remember whether they show it or not. They show what was paid. I think our records also show the quantities that were determined to be contaminated and on which payments were not made. The difference in the case of cranberries versus milk is this:

#### CRANBERRY VERSUS MILK INDEMNIFICATIONS

That in the case of cranberries, payment was made only on cranberries which were determined to be not contaminated. In other words, they were cranberries that could go to market, but because the market had been destroyed by public reaction from an announcement, all cranberries were inspected, and those that were found to be contaminated—no payment was made on them.

Senator HOLLAND. The report of your payments would in effect then show the amount of uncontaminated cranberries that had to be destroyed because of the action of the Food and Drug Administration, though they were uncontaminated.

Mr. SMITH. Right; destroyed, and the quantity that actually was marketed, because, as I recall, payments were made on some of them.

Senator YOUNG. Wasn't there some improper use of chemicals used at that time?

Mr. SMITH. Yes.

Senator YOUNG. It is different in this case.

Mr. SMITH. That is right. For that reason all cranberries found to be contaminated were excluded from payment.

#### CRANBERRY PESTICIDE USE

Senator ELLENDER. Was the pesticide used approved by the Department?

Mr. SMITH. Senator, I don't recall whether this was approved pesticide or not, but I think in local areas county agents and others recommended its use.

Nevertheless, where it was found to contaminate the berries it was also established that it had been misused. Since then it has been wholly discontinued as a chemical to be used in the production of cranberries.

Senator ELLENDER. We are spending billions of dollars now in research and I don't know that we need any more law except that we need cooperation between the Department of Health, Education, and Welfare and the Agriculture Department. That may prevent some of these sources, and it is my belief that the Food and Drug people should not make any announcements unless they are absolutely certain that the contamination will be deleterious to the lives of the children or the people who use these commodities.

The trouble with us is that there is not enough cooperation between these Departments. That is the trouble.

#### TOLERANCE LEVEL OF CHEMICALS

Senator HOLLAND. I think that undoubtedly is true but I think there is another trouble, if I have understood the testimony, and that is that no tolerance is prescribed for the use of certain chemicals and the

question is, Is there a safe tolerance and if so what is it, and isn't that the—

Mr. GRANT. This is right and this is going to have to be determined by research as to whether or not there is a safe level. But the determination is by the Food and Drug Administration, and in this particular chemical we are talking about now it is zero tolerance.

#### NEED FOR CORRECTIVE LEGISLATION

Senator HOLLAND. My suggestion, just as that of Senator Ellender, is that we are supplying an immense amount of moneys for research and this kind of thing ought not to be allowed to continue to occur and we are hoping for the suggestion of remedial legislation as a result of the research and as a result of cooperation of the three Departments that are affected; Agriculture, HEW, and Interior, to clear up this question, and I think it is within our right to insist that such recommendation reach us certainly not later than the first of next year because this kind of thing makes the whole Congress look ridiculous and makes your regulatory agencies look ridiculous and rather disgusts citizens in general.

#### REMEDIAL LEGISLATION

Mr. GRANT. As I understand it, Mr. Chairman, the law itself states that there shall be a zero tolerance for these items. With respect to your request for remedial legislation I will pass along to Dr. Brady and others in the Secretary's Office. The interdepartmental coordinating group that we discussed in the regular hearings is now working on this matter and I will pass along your request that suggestions or proposals be submitted by the beginning of the next Congress.

Senator HOLLAND. I think this is a request that has come not just from a subcommittee chairman, but from the whole committee because the whole committee is deeply concerned about what looks like the continued raising of such questions.

#### CAPONETTE CONFISCATION

Senator YOUNG. Mr. Chairman, we also had a problem a few years ago with reference to caponettes, where the Federal Government confiscated the caponettes from the producers. This is a little different story, but there was some loss and I am wondering if the Department of Agriculture would put in the record the amount of money paid to indemnify the producers of both the caponettes and the cranberries?

(The information referred to follows:)

	<i>Obligations</i>
Cranberry program-----	\$8, 579, 498
Caponette program-----	6, 763, 453

Mr. SMITH. Caponettes, I think, were about \$6.7 million.

Senator HOLLAND. We know that that is the case and we know there have been some problems arising behind committee doors which were so unreasonable that they were stopped, but they grow out of this same situation, and I hope you will produce for our consideration, in the legislative committee as soon as the new session convenes, some remedial legislation.



## PRESENTATION OF LETTERS

May I put these letters in the record? I have letters from the two Senators from Maryland addressed to the chairman of our full committee, Senator Hayden, requesting immediate consideration and handling of this problem and I also have received from the Secretary of Agriculture a letter addressed to him by Senator Brewster, of Maryland, on this same subject, and I ask that these three letters be inserted in the record.

Senator YOUNG. Mr. Chairman, may we have my letter from the National Milk Producers Federation put in at this point, too?

Senator HOLLAND. At this place we will be very glad to insert the letter from the National Milk Producers Federation for Senator Young.

(The letters referred to follow:)

## INDEMNIFICATION OF DAIRY FARMERS

U.S. SENATE,  
COMMITTEE ON GOVERNMENT OPERATIONS,  
*August 14, 1964.*

Hon. CARL HAYDEN,  
*Chairman, Committee on Appropriations,*  
*U.S. Senate.*

MY DEAR SENATOR HAYDEN: As you know, section 331 of the Economic Opportunity Act of 1964 authorizes the Secretary of Agriculture to indemnify dairy farmers who have been directed to remove their milk from commercial markets because it contained residues of chemicals registered and approved for use by the Federal Government.

Section 331(b) authorizes to be appropriated "such sums as may be necessary to carry out the purposes of this act."

It is my understanding that your committee is now considering supplemental appropriations for the Department of Agriculture. I would deeply appreciate your including an appropriate amount for this purpose, so that the mandate of the Congress, as expressed in section 331, can be made effective.

Enclosed herewith is a copy of my letter to Secretary of Agriculture Orville L. Freeman, requesting that his estimate of the necessary funds be communicated to your committee.

With kindest personal regards, I am,  
Respectfully yours,

DANIEL B. BREWSTER,  
*U.S. Senator.*

U.S. SENATE,  
COMMITTEE ON GOVERNMENT OPERATIONS,  
*August 14, 1964.*

Hon. ORVILLE L. FREEMAN,  
*Secretary of Agriculture,*  
*Washington, D.C.*

MY DEAR MR. SECRETARY: As you know, section 331 of the Economic Opportunity Act of 1964 authorizes the Secretary of Agriculture to indemnify dairy farmers who have been directed to remove their milk from commercial markets because it contained residues of chemicals registered and approved for use by the Federal Government.

The Senate Appropriations Committee is at this time considering supplemental appropriations for the Department of Agriculture. It seems only fitting that this measure should contain a sum sufficient to carry forward the indemnification specified in section 331.

May I, therefore, respectfully request that you advise the Senate Appropriations Committee and its chairman, the Honorable Carl Hayden, of your estimate of the amount which should be appropriated.

With appreciation and kindest regards, I am,

Sincerely yours,

DANIEL B. BREWSTER,  
*U.S. Senator.*

DEPARTMENT OF AGRICULTURE,  
*Washington, D.C., August 19, 1964.*

HON. CARL HAYDEN,  
*Chairman, Committee on Appropriations,  
U.S. Senate.*

DEAR SENATOR HAYDEN: On August 14, 1964, Senator Brewster asked that we advise you of the estimate of funds needed to indemnify dairy farmers under section 331 of the Economic Opportunity Act of 1964. A copy of his letter is attached.

This section authorizes the Secretary of Agriculture to make indemnity payments to dairy farmers who have been directed since January 1, 1964, to remove their milk from commercial markets because it contained residues of chemicals registered and approved for use by the Federal Government.

In accordance with this section, the Department has developed an estimate of \$8,800,000. This is the best estimate we can develop at this time since we are not in a position to determine what the actual amounts involved might be. This estimate is now being reviewed within the executive branch and a determination has not yet been made as to the amount of any budget estimate to be submitted to the Congress.

The foregoing is consistent with the information furnished your committee by representatives of the Department on August 18, 1964.

Sincerely yours,

CHARLES S. MURPHY, *Under Secretary.*

U.S. SENATE,  
COMMITTEE ON THE DISTRICT OF COLUMBIA,  
*August 14, 1964.*

HON. CARL HAYDEN,  
*Chairman, Senate Appropriations Committee,  
Washington, D.C.*

DEAR MR. CHAIRMAN: As you know, S. 2642, the Economic Opportunity Act of 1964, which was approved by the Senate on August 11, 1964, makes provision for indemnity payments to dairy farmers who have been directed since January 1, 1964, to remove their milk from commercial markets (sec. 331).

Although this is a nationwide problem, dairy farmers in Maryland have been particularly hard hit and have lost large amounts of money only because they followed the suggestions of the Department of Agriculture in the use of chemical pesticides. The problem here is similar to the case of the cranberry growers who received indemnity payments some 5 years ago.

It has been estimated by the Federation of Milk Producers that an appropriation of \$5 million will be necessary to implement the provisions of section 331 of S. 2642. I urge you to make these funds available prior to adjournment so that the dairy farmers may be equitably compensated for their losses.

With all good wishes, I am,

Sincerely yours,

J. GLENN BEALL.

NATIONAL MILK PRODUCERS FEDERATION,  
*Washington, D.C., August 18, 1964.*

HON. MILTON YOUNG,  
*Senate Office Building,  
Washington, D.C.*

DEAR SENATOR YOUNG: As you are aware, American dairy farmers are in a particularly perilous state. Dairy farmers in any area where pesticides are used face the possibility of losing the market for their milk because it might

contain minute and heretofore undetectable residues of pesticides. These pesticides were registered and approved for use by the Federal Government at the time they were used.

The U.S. Department of Agriculture has proposed some sensible, long-term research programs which undoubtedly will give us solutions to problems that should have been answered long ago. However, these research programs will be of no value to the dairy farmer if he is wiped out before results are available. Consequently, an immediate relief program must be initiated to aid those dairy farmers who are being forced to dump their milk because it contains small traces of pesticide residues.

The authority for this relief program has been provided by Congress to the Secretary of Agriculture in the Economic Opportunity Act of 1964 in part D of title III of this act. However, in the request for funds to carry out this Economic Opportunity Act, no funds were requested to carry out part D of title III.

The Congress, and especially you, Senator Young, have worked hard to provide the authority for this relief program for distressed dairy farmers. Funds to carry out this authority must be provided. Therefore, we urge the Congress to appropriate the amount necessary to be used to carry out the purposes of part D of title III.

Dairy farmers of America appreciate your help on this matter.

Sincerely,

E. M. NORTON, *Secretary.*

#### CRANBERRY AND FISH PROTEIN AND FLOUR PROBLEMS

Senator SALTONSTALL. I don't often get into agricultural problems, but you brought up the cranberry situation. I am intimately familiar with that, and also with the fish flour protein production. The Food and Drug Administration has injected itself in the fish business as it did into the cranberry business for a couple of years. That was the reason that that \$7 million was appropriated to help the cranberry producers. I simply say this, Mr. Chairman, that I hope that there may be more cooperation and coordination between the departments because in those instances in Massachusetts the cranberry business and the fish protein business were very seriously affected.

I think the cranberry business is now back on its feet. The fish flour is still salable abroad, but not in this country, which I can never understand.

#### REMOVAL OF SURPLUS COMMODITIES

Senator HOLLAND. I note on page 989 of our printed record the showing, as of the time that the budget was given to us, of the removal of surplus agricultural commodities for the fiscal years 1958 to 1964 out of section 32 funds.

I ask you to bring up to date the 1964, which ought to be possible now to be completed on a perfecting basis and fiscal 1965 on your estimated basis, if you will complete it, because apparently it is being added to by some of these supplemental estimates.

Mr. SMITH. Yes, sir.

(The information referred to follows:)





(7) Special milk program.....												
Total used by USDA.....	132,082,498	158,172,254	155,094,908	306,091,164	212,038,559	170,693,578	360,441,000	373,609,380				
Balance.....	384,112,251	373,504,498	392,025,258	309,351,410	410,488,351	443,093,354	303,577,460	300,000,000				
Returned to Treasury.....	83,585,747	72,837,054	91,222,327	7,894,108	109,698,614	143,093,354	3,577,460					

<sup>1</sup> Beginning in 1960 transfers to FAS were by legislative action.

<sup>2</sup> Purchased from the Commodity Credit Corporation which will result in a corresponding reduction in future appropriation requests for reimbursement of realized losses of the Commodity Credit Corporation.

<sup>3</sup> Based on the Senate version of the 1965 appropriation bill as amended by the food stamp program supplemental request.

## SPINACH PRODUCERS' PROBLEM

Senator ALLOTT. Mr. Chairman, may I have 2 minutes please—

Senator HOLLAND. Senator Allott.

Senator ALLOTT (continuing). Before this matter is closed? There are other side effects which come from this policy which has turned up in this milk situation.

It has an impact. A Mr. and Mrs. Cummings from the San Luis Valley of Colorado had developed a very fine strain of spinach. It was so good that it was shipped to the eastern markets and commanded a premium price. Just a telephone call—I believe it was the Food and Drug Administration in this instance—stopped the shipment. He lost several carloads of spinach which spoiled while they stopped the marketing of it, claiming that he had used an insecticide—I believe it was the same one used here. When the facts became known they found out that only one firm in the country manufactured it, that he had never purchased it, that he had never had any on his premises in any way, manner, shape, or form, and yet this man suffered a loss of business. He had to destroy his whole crop that year because it was not marketable. He lost about \$275,000, as I recall the figures. He has no recourse and I have had for 3 years now a bill pending in the Judiciary Committee just to permit him to sue the Federal Government.

I don't know how many other times this has happened, but here is a man who not only lost this amount, but had many other side effects of this loss of money; yet he has no recourse against the Federal Government for it.

Senator HOLLAND. Under slightly different facts I know of two instances that have occurred in my own State, one with reference to lettuce and one with reference to celery, and this whole subject just simply demands remedial legislation and I am again requesting you to please furnish us the recommendations of this interdepartmental committee by January 1.

I am glad to turn this over now to Senator Ellender.



## HOUSING AND HOME FINANCE AGENCY

STATEMENT OF ROBERT C. WEAVER, ADMINISTRATOR; ACCOMPANIED BY MILTON P. SEMER, AGENCY GENERAL COUNSEL; JOHN M. FRANTZ, AGENCY BUDGET OFFICER; NATHANIEL J. EISEMAN, BUDGET ANALYST; HOWARD J. WHARTON, ACTING COMMISSIONER, URBAN RENEWAL ADMINISTRATION; MARIE C. McGUIRE, COMMISSIONER, JOSEPH BURSTEIN, GENERAL COUNSEL, PUBLIC HOUSING ADMINISTRATION; AND J. STANLEY BAUGHMAN, PRESIDENT, FEDERAL NATIONAL MORTGAGE ASSOCIATION

### SUPPLEMENTAL ESTIMATES AND JUSTIFICATIONS

Senator ELLENDER (presiding). We now have several items for the Housing and Home Finance Agency, which are authorized under the new Housing Act. That legislation is now being resolved in the conference committee. The requests, contained in House Document No. 346, are as follows:

Office of the Administrator, \$165,000; Federal-State training programs, \$5,075,000; Public Housing Administration, \$75,000; public facility loans, \$100,000; and Federal National Mortgage Association, administrative expense limitation, \$100,000.

We will hear from Mr. Weaver, the Administrator, who is accompanied by Mr. Milton P. Semer, General Counsel; Mr. John M. Frantz, budget officer; and Mr. Nathaniel J. Eiseman, budget analyst.

You may proceed, Dr. Weaver.

Mr. WEAVER. Mr. Chairman, I would like to put this statement in the record. I know you are rushed so I will not read it, but just hit the high points.

(The statement referred to follows:)

### STATEMENT OF HOUSING AND HOME FINANCE ADMINISTRATOR WEAVER

Mr. Chairman and members of the committee, I regret as much as I am sure you do the necessity for presenting to you today these supplemental estimates, based on a bill which has not yet been agreed to in final form.

However, the situation is this: Housing bills designated as the Housing Act of 1964 have now passed both Houses by very substantial majorities, and the Senate bill with the House amendment in the nature of a substitute is in conference. I believe no one doubts that a bill as agreed to in conference will become law in the very near future.

While there are many things in common between the House and Senate versions of the bill, there are also some important differences. The supplemental estimates which we are now presenting are based upon those provisions in the respective bills which were recommended by the administration, and which we hope and believe will be included in the final bill.

If it were possible, it would be far more convenient for us and for you if consideration of these estimates could go over until the new Congress meets. However, the Housing Act of 1964 will provide authorization for several important on-going programs which are out of funds or nearly so, and which would come to a halt if appropriations were not made available before the current session ends. Moreover, the new act will provide authority for several urgently needed new functions and activities. Experience has shown that a supplemental estimate submitted in January or February is frequently not acted on until very late in the year. If that were the case in connection with these new authorizations, these provisions of the 1964 Housing Act would go without effect for a period that might be as long as a year.

#### SUPPLEMENTAL ITEMS PREVIOUSLY SUBMITTED

There are four items before the committee which were not included in the President's supplemental message, because the requests were in the regular budget, contingent upon authorization increases for continuing existing programs. These four are as follows:

1. For urban planning assistance grants under section 701 of the Housing Act of 1954, \$22,650,000.
2. For open space land grants, \$15 million.
3. For low-income housing demonstration grants, \$2,500,000.
4. For advances for public works planning, \$12 million.

In each case, these amounts were included in the original budget estimates. In fact, in all cases but one they are the identical amounts. In the case of the low-income demonstration program, on further review we are now proposing an appropriation of only \$2.5 million, instead of the \$5 million included in the original budget.

The Appropriations Committees in both Houses acted, naturally, only on the amounts authorized by law at that time. The additional authorizations required are included in both the House and Senate versions of the Housing Act of 1964, and we are therefore proposing the remaining appropriations at this time. I will not enlarge further on these four items now, since the committee is familiar with them and hearings were held on them when they were before you in connection with the regular bill.

Let me now take up briefly the new items which the President has submitted.

#### NEW AND EXPANDED RELOCATION PROVISIONS—ADMINISTRATIVE EXPENSES

First. We request an increase of \$165,000 in our appropriation for "Salaries and expenses" to enable us to handle the very substantial workload which will result from the expanded and liberalized provisions in the act affecting individuals, families, and businesses displaced from urban renewal areas. The most important of these are the following (based, I should note, on the provisions of the Senate bill, which correspond more closely to the administration recommendations, and, which we hope, will be adopted in conference):

The bill would extend the existing requirements with respect to the preparation of a feasible relocation plan to individuals. At present, this requirement in the law is restricted to families.

Second. The bill authorizes certain supplementary rent payments to ease the burdens of relocation for low- and moderate-income families, and of individuals 62 years of age or older. Under the bill, such families and individuals would receive, for 1 year, payments which, when added to 20 percent of their income, would equal the average rent required in the community for a decent, safe, and sanitary house of modest standards and adequate size.

Third. The bill provides more realistic relocation payments to small businesses displaced from urban renewal areas. These payments would be limited to local businesses in the area; that is, businesses which are not part of a larger enterprise with establishments outside the area, and to those whose average annual earning are less than \$10,000.

It is clear from a mere recapitulation of these provisions that they will involve a very heavy new workload, especially in our regional offices. For example, we will be required to ascertain what is the average rent required in each community for decent, safe, and sanitary housing of modest standards for individuals and for various family sizes. We will also have to make more precise, by regulation, the definition of "eligible businesses," and secure a showing with

respect to average annual earnings. We will have to work out with some 400 local public agencies, and for some 590 projects, amended project budgets and amendments to loan-and-grant contracts covering these matters. These are only examples of the problems, but I think they are sufficient to illustrate the fact that these new responsibilities cannot be absorbed by our present limited staff. Without the additional people we are requesting in this supplemental, this would be a very long and slow job, and that would impose delay and hardship on the very people who are intended to be helped by these new provisions in the bill.

#### FEDERAL-STATE TRAINING PROGRAMS

Title VI of the House bill authorizes a new program, recommended by the administration, providing for matching grants to States for programs of training and study in the general areas of urban planning, finance, and administration; or, in the language of the bill, "skills needed for economic and efficient community development."

As this committee knows, it is well-established Federal policy that programs of community planning, growth, and development are primarily matters for local initiative, local decisions, and local execution. One effective way we can help to advance this policy is to give limited financial assistance to strengthening the local governmental instrumentalities which must take the initiative, make the decisions, and administer the programs. One of the most serious handicaps to stronger local participation in these areas is the acute shortage of trained professional people in all the critical skills—urban planning, municipal finance, and local public administration, to name three of the most important.

The House provisions, which we are urging to be included in the final bill, would authorize matching grants to States for the development and carrying out of programs to train people in essential technical and professional skills, who—and here let me use the language of the bill—"are, or are likely to be, employed by a governmental or public body which has responsibilities for community development."

Grants could also be made for research—not by or for us, but by State and local agencies—in connection with housing programs and needs, public improvement programing, code problems, efficient land use, urban transportation, and similar community development problems. We would have the additional responsibility of collecting and publishing the results of such research.

The bill would impose on the administrator a number of supervisory duties, including the approval of a plan for the use of funds under this program and a statement of the objectives intended to be accomplished, and the administration of various fiscal and other controls to assure that the Federal funds are used to accomplish the statutory purpose.

The bill authorizes appropriations of \$10 million, of which we are proposing \$5 million to be appropriated now, together with \$75,000 for administrative expenses.

Incidentally, after consultation with the Bureau of the Budget, I would like to call the committee's attention to a technical change which I hope may be made in the appropriation language for this item. The bill authorizes funds to be appropriated for this purpose "without fiscal year limitation." However, the phrase "to remain available until expended" was inadvertently omitted from the language as submitted. I hope, therefore, that it may be inserted at the appropriate place in the language in the appropriation bill.

#### LOANS FOR ADVANCE ACQUISITION OF LAND

Section 402 of S. 3049 authorizes a new program for loans to States and local public bodies for the acquisition of land or interests in land in order to permit the local agency to secure present control of the land for future use in the development of public facilities. This should make it possible not only to plan the development of public facility systems more rationally and efficiently, but, also, to avoid speculative and other increases in land costs, and thus reduce the cost of the facilities in the long run. Since these will be interest-bearing loans reasonably secured as to repayment, there should be no ultimate cost to the Government for the program.

The bill adds no new money authorization for this type of loan, which is to be made from the same revolving fund as our regular public facility loans.



However, it is quite a different program from an administrative standpoint, since it does not involve construction of facilities but rather a somewhat novel technique for financing real estate acquisition. The existing staff for the public facility loan program is already stretched about to capacity by the workload in that program and in the accelerated public works program, which it also handles. In addition, this staff does not have all the skills necessary to work out this new type of loan—especially for appraising the value of less than fee simple interests in land; such as, easements, rights-of-way, air rights, options, and the like. We expect that these latter will be involved in many cases.

Accordingly, we are requesting authority for 20 additional positions, estimated to cost \$100,000 during the remainder of the current fiscal year. As you know, this is not an appropriation but an increase in the limitation on use of funds from the revolving fund.

#### RELOCATION EXPENSES—PUBLIC HOUSING ADMINISTRATION

For the Public Housing Administration, we are requesting a supplemental appropriation of \$75,000 for the expenses of adding, during the balance of the year, a relocation specialist in each regional office and 3 professional employees at headquarters, with minimum clerical support, for a total of 15.

This increase results from the fact that the Housing Act of 1964 will extend to the public housing program the relocation requirements which up to now have applied to urban renewal projects but not, for some reason, to public housing. This includes not only the provisions of existing law but the modifications and improvements under the new 1964 provisions. The change makes eminently good sense. Clearly, the rights and relief available to persons and businesses displaced from a public housing site ought to be the same as those of persons and businesses displaced from an urban renewal area, and this would be the effect of the new law.

However, the change does impose a substantial administrative load on both the local housing authorities and the Public Housing Administration which they have not had in the past and which was not provided for in the regular budget. The immediate impact in the case of PHA will be substantially less than in the case of URA, due to the fact that the requirements with respect to the preparation of a relocation plan for each project are applicable only to projects on which preliminary loan contracts are executed after the effective date of the Housing Act of 1964. PHA will have the immediate problem, however, of instituting systems for making payments of moving expenses and relocation benefits for individuals, families, and small businesses, including the supplementary rent payments for low- and moderate-income families and for individuals 62 years of age or older.

#### FNMA ADMINISTRATIVE EXPENSE LIMITATION

The final item is an increase of \$100,000 in the administrative expense limitation of the FNMA for the current fiscal year, to cover the costs of a new plan for the disposition of federally owned mortgage holdings, which is included as section 601 of the Senate bill. The bill would permit private investors to buy participations or beneficial interests in a pool or block of mortgages owned by FNMA, or of VA direct loans and vendee accounts. The earnings of these mortgages would create a return to the private investor, while the receipts from the sales of these participations would return funds to the Treasury.

It is contemplated that FNMA would operate the proposed system, both with regard to the mortgages it holds and with regard to the VA loans and vendee accounts. FNMA would develop the mortgage pools or block; prepare and market the participations; and account for the system both to the participation holders and to the Government. For these functions, it is estimated that a staff of 23 will be required, as detailed in the justification submitted.

Mr. Chairman, this concludes my brief summary of the items before the committee. My associates and I will be glad to answer any questions or supply any additional information which you may need in your consideration of these estimates.

#### NEWLY AUTHORIZED ITEMS

Mr. WEAVER. In addition to the four items which you mentioned there are also excluded from the President's supplemental message four other items which were in the original budget presentation—and

they were presented to the committee—but we did not at that time have authorization for them.

Senator ELLENDER. Are they included in this new legislation?

Mr. WEAVER. Yes; they are included in the new legislation. The authorization is included in the new legislation.

Senator ELLENDER. Have you any budget estimates for those?

Mr. WEAVER. Yes, sir.

Senator ELLENDER. The supplemental estimates and justifications of the item just mentioned by me and those that you have in mind in addition to those will be placed in the record at the appropriate points. (The information referred to follows:)

#### HOUSING AND HOME FINANCE AGENCY

##### JUSTIFICATION OF SUPPLEMENTAL ESTIMATES FOR FISCAL YEAR 1965

##### Appropriation language:

“HOUSING AND HOME FINANCE AGENCY, OFFICE OF THE ADMINISTRATOR

##### “SALARIES AND EXPENSES

“For an additional amount for ‘Salaries and expenses,’ \$165,000: Provided, That this paragraph shall be effective only upon the enactment into law of S. 3049, Eighty-eighth Congress.

##### “URBAN PLANNING GRANTS

“For an additional amount for ‘Urban planning grants,’ \$22,650,000: Provided, That this paragraph shall be effective only upon the enactment into law of S. 3049, Eighty-eighth Congress.

##### “OPEN SPACE LAND GRANTS

“For an additional amount for ‘Open space land grants,’ \$15,000,000: Provided, That not to exceed \$138,000 may be used for administrative expenses and technical assistance, and no part of this appropriation shall be used for administrative expenses in connection with grants requiring payments in excess of the amount herein appropriated therefor: Provided further, That this paragraph shall be effective only upon the enactment into law of S. 3049, Eighty-eighth Congress.

##### “LOW-INCOME HOUSING DEMONSTRATION PROGRAMS

“For low income housing demonstration programs pursuant to section 207 of the Housing Act of 1961, as amended, \$2,500,000: Provided, That not to exceed \$50,000 may be available for administrative expenses, but no part of this appropriation shall be available for administrative expenses in connection with contracts to make grants in excess of the amount herein appropriated therefor: Provided further, That this paragraph shall be effective only upon the enactment into law of S. 3049, Eighty-eighth Congress.

##### “PUBLIC WORKS PLANNING FUND

“For an additional amount for ‘Public works planning fund,’ \$12,000,000: Provided, That this paragraph shall be effective only upon the enactment into law of S. 3049, Eighty-eighth Congress.

##### “FEDERAL-STATE TRAINING PROGRAMS

“For matching grants to States for authorized training and related activities, and for expenses of providing technical assistance to State and local governmental or public bodies (including studies and publication of information), \$5,075,000: Provided, That not to exceed \$75,000 of this appropriation may be used for administrative expenses and technical assistance: Provided further, That this appropriation shall be effective only upon the enactment into law of S. 3049, Eighty-eighth Congress.

"LIMITATION ON ADMINISTRATIVE EXPENSES, OFFICE OF THE ADMINISTRATOR,  
PUBLIC FACILITY LOANS

*"In addition to the amount otherwise available for administrative expenses in connection with loans from the revolving fund established pursuant to title II of the Housing Amendments of 1955, as amended, \$100,000 shall be available for such expenses during the current fiscal year: Provided, That this paragraph shall be effective only upon the enactment into law of S. 3049, Eighty-eighth Congress.*

"PUBLIC HOUSING ADMINISTRATION

"ADMINISTRATIVE EXPENSES

*"For an additional amount for 'Administrative expenses,' \$75,000: Provided, That this appropriation shall be effective only upon the enactment into law of S. 3049, Eighty-eighth Congress.*

"FEDERAL NATIONAL MORTGAGE ASSOCIATION

"LIMITATION ON ADMINISTRATIVE EXPENSES, FEDERAL NATIONAL MORTGAGE  
ASSOCIATION

*"In addition to the amount otherwise available for administrative expenses of the Federal National Mortgage Association for the current fiscal year, not to exceed \$100,000 shall be available for such expenses: Provided, That this paragraph shall be effective only upon the enactment into law of S. 3049, Eighty-eighth Congress."*

SUMMARY OF ESTIMATES

The several supplemental estimates of appropriations and authorizations presented and discussed in the succeeding sections of this justification stem from the imminent enactment of the Housing Act of 1964, S. 3049, 88th Congress.

The table on the following page summarizes the supplemental estimates, showing amounts presently available, the total estimate and the net increases requested.

*Summary of supplemental estimates, fiscal year 1965*

	Presently available	Total estimate	Net increase
<b>APPROPRIATIONS</b>			
Office of the Administrator:			
Salaries and expenses.....	\$15,725,000	\$15,890,000	\$165,000
Federal-State training programs.....		5,075,000	5,075,000
Urban planning grants.....	2,350,000	<sup>1</sup> 25,000,000	22,650,000
Open space land grants.....	15,000,000	<sup>1</sup> 30,000,000	15,000,000
Low-income housing demonstration programs.....	25,000	<sup>1</sup> 2,525,000	2,500,000
Public works planning fund.....	<sup>2</sup> 1,000,000	<sup>1</sup> 13,000,000	12,000,000
Public Housing Administration: Administrative expenses.....	15,784,000	15,859,000	75,000
Total appropriations.....	49,884,000	107,349,000	57,465,000
<b>LIMITATIONS</b>			
Office of the Administrator:			
Federal-State training programs <sup>3</sup> .....		(75,000)	(75,000)
Open space land program <sup>3</sup> .....	(262,000)	<sup>1</sup> (400,000)	(138,000)
Public facility loans.....	(1,220,000)	(1,320,000)	(100,000)
Federal National Mortgage Association: Administrative expenses.....	(8,500,000)	(8,600,000)	(100,000)
Total limitations.....	(9,982,000)	(10,395,000)	(413,000)

<sup>1</sup> Included in budget for fiscal year 1965.

<sup>2</sup> Plus up to \$3,000,000 contingent upon forgiveness of advances in accordance with sec. 6 of the Public Works Acceleration Act.

<sup>3</sup> Included in appropriation amounts in upper portion of table.



## PUBLIC HOUSING AND URBAN RENEWAL

Senator ELLENDER. Now, you may proceed.

Mr. WEAVER. These are the four: "Urban planning assistance grants" under section 701 of the Housing Act of 1954, \$22,650,000; for "Open space land grants," \$15 million; for "Low-income housing demonstration grants," \$2,500,000; and for "Advance public works planning," \$12 million.

These four items plus the four that are in the President's supplemental message represent our requests. The four items which are set forth in the President's supplemental message refer to new programs which have been set forth in the pending legislation which is now in conference I think at this very moment.

These are the provisions which are the administration's recommendations and which are contained in either one or both bills passed in either one or both Houses.

(The material referred to follows:)

## HOUSING AND HOME FINANCE AGENCY, OFFICE OF THE ADMINISTRATOR

## SALARIES AND EXPENSES

Appropriation language:

"HOUSING AND HOME FINANCE AGENCY, OFFICE OF THE ADMINISTRATOR

"SALARIES AND EXPENSES

"For an additional amount for 'Salaries and expenses,' \$165,000: *Provided, That this appropriation shall be effective only upon the enactment into law of S. 3049, Eighty-eighth Congress.*"

*Summary*

Available, Independent Offices Appropriation Act of 1965, of 5 programs and activities under existing law	\$15, 725, 000
Supplemental H. Doc. No. 346 for implementing the new provisions of the urban renewal statute relating to the relocation of families, individuals and business (S. 3049, 88th Cong.)	165, 000
Total estimate	15, 890, 000

## JUSTIFICATION

This budget estimate is for additional staff necessary to put into effect the provisions in the Housing Act of 1964 for additional relocation services and payments to families, individuals, and businesses. While the provisions in the House and Senate versions of the bill differ in detail, and in approach to the problem, the objectives which prompted the provisions appear to be compatible.

In broad terms, the main provisions covered are as follows:

1. Extension of relocation assistance services to individuals and businesses displaced from urban renewal areas as a result of clearance, rehabilitation, and other governmental action. As amended through 1961, the Housing Act required only that such services be provided for families so displaced.

2. Relocation payments in addition to those provided in the Housing Act of 1949 (as amended through 1961) for families, individuals, and businesses displaced after January 27, 1964:

(a) Small businesses (those with average net annual earnings under \$10,000) would receive payments of \$1,000 beyond moving expenses, and those businesses which had not or could not reestablish in another location within 1 year would receive a further payment of \$1,500.

(b) Monthly payments beyond moving expenses to families and individuals who were not able to relocate into public housing and whose incomes were not large enough that 20 percent of such incomes would cover their rent or mortgage payments after relocation in decent, safe and sanitary housing of modest standards and adequate size.

3. Business moving expenses of the type provided before the Housing Act of 1964 would be available for removal of the outdoor advertising displays of a business from an urban renewal area even though the business itself is not being removed or is not located in the area.

There are other provisions not similar in the House and Senate versions of the legislation which have not been considered in making staffing estimates but which, if enacted, would generate additional staff work.

#### *Staffing and related needs*

The law provides that these relocation payments are to be borne 100 percent by the Federal Government, and this cost is borne by reimbursement to the LPA after the payments have been made to the relocatees.

The actual services to relocatees and the direct payments to them will be provided by the local public agencies. Before this can begin, however, there are many legal and policy determinations which must be made. These, in turn, will form the basis for procedures which must be developed and distributed and for direct-training assistance in the localities by regional office staff where necessary because of special problems or large backlogs.

Of the projects active in relocation during the current fiscal year, it is estimated that well over 500 will require contract amendments to participate in the relocation provisions. The emphasis in the legislation on assistance in relocating small businesses makes it mandatory that each regional office have the specialized staff competence necessary to help the localities provide this service. A strengthening of the relocation staff dealing with families and individuals will be necessary, and legal determinations and reviews, even after the interpretations and policies have been formed, will make it necessary to add to the legal staffs of the regional offices.

Of the 30 people requested, only 4 are planned for the Washington staff. Two professionals and one clerical will be assigned to the Office of the Assistant Commissioner for Relocation and Rehabilitation and one will be added to the staff of the URA Counsel. Of the 26 for regional offices, 19 will be professionals at grades 11 through 13 and 7 are for clerical and typing support.

The bulk of the \$165,000 requested is for personal services and employee benefits costs. However, \$16,000 has been provided to permit necessary travel of both the new and existing relocation staffs in the regions since much of the work they will have to do will be in the localities. It is expected that this will permit 400 additional travel days at the average cost of field travel of \$40 per day.

The tables on the two following pages show the detail of positions requested and the estimated costs in fiscal year 1965 by object of expense.

#### *Detail of new positions requested—Salaries and expenses, OA*

	GS grade	Year end employment	Annual salary
<b>Departmental:</b>			
Business relocation adviser.....	GS-14.....	1	\$13,615
Relocation adviser.....	GS-13.....	1	11,725
Attorney.....	GS-13.....	1	11,725
Secretary.....	GS-5.....	1	4,690
Subtotal, departmental staff.....		4	41,755
<b>Regional offices:</b>			
Business relocation adviser.....	GS-13.....	6	70,350
Relocation adviser.....	GS-12.....	3	29,940
Do.....	GS-11.....	3	25,230
Attorney.....	GS-12.....	3	29,940
Reports analyst.....	GS-11.....	4	33,640
Clerical and typing.....	GS-3 and 4.....	7	28,165
Subtotal, regional staff.....		26	217,265
Total.....		30	259,020
Personal services cost in year including personnel benefits.....			139,000

*Salaries and expenses, supplemental estimate, fiscal year 1965*

June 30 employment.....	30
Obligations: Personal services.....	\$139,000
Other objects:	
21 Travel and transportation of persons.....	16,000
22 Transportation of things.....	1,000
23 Rent, communications, and utilities.....	4,000
24 Printing and reproduction.....	500
25 Other services.....	1,000
26 Supplies and materials.....	1,500
31 Equipment.....	2,000
Total obligations.....	165,000

## PUBLIC HOUSING ADMINISTRATION

Appropriation language:

"PUBLIC HOUSING ADMINISTRATION

"ADMINISTRATIVE EXPENSES

*"For an additional amount for 'administrative expenses', \$75,000: Provided, That this appropriation shall be effective only upon the enactment into law of S. 3049, Eighty-eighth Congress."*

*Summary*

Available, Independent Offices Appropriation Act, 1965.....	\$15,784,000
Supplemental, H. Doc. No. 346, to initiate administration of relocation provisions contained in the Housing Act of 1964 (S. 3049, 88th Cong.).....	75,000
Total estimate.....	15,859,000

## JUSTIFICATION

Both the Senate and House bills contain provisions which impose the same requirements as to a plan for the relocation of persons and families from sites of public housing projects as are required for families displaced by urban renewal projects. Such plans must demonstrate that persons and families can be relocated in decent, safe, and sanitary dwellings at rents within their means. Heretofore, there have been no statutory requirements as to families displaced by public housing, and the administrative requirement of the PHA has been only that housing be available to displaced families which is no worse than that in which the families were living on site. While the public housing itself will often take care of the permanent relocation needs of those eligible for public housing there are usually a substantial proportion of families and persons not so eligible. For such families the PHA must now be satisfied that decent, safe, and sanitary housing within their means is made available to them. This is a much more rigorous and difficult requirement than merely that housing of no worse condition be made available. Also, because the relocation requirement is now imposed by statute, and because of increasing public concern, PHA will have to pay increasing attention to the adequacy of relocation plans and the effectiveness with which such plans are carried out.

At the present time the PHA has no staff assigned specifically to relocation and it is believed that it is essential that there be at least one person specializing in this function in each regional office together with stenographic assistance. One specialist on the staff of the central office is needed.

Relocation plans will be required, of course, for any project which will displace any persons or families, although the degree of difficulty in reviewing and insuring compliance with a plan will vary according to the number of persons and families to be displaced. Substantial problems will probably be involved for any slum site and roughly one-third of the projects undertaken in recent years have been on slum sites. While the PHA has no nationwide record of actual displacements in the past, it is estimated that somewhere in the nature



of 10,000 families and persons will be displaced each year, assuming a construction rate of 35,000 units.

Both the Senate and House bills also contain authorization for relocation payments to families, persons, and businesses, for rent supplementation for families and elderly individuals, and for additional subsidy for displaced individuals and families living in public housing. These additional requirements not only indicate the need for the relocation staff, referred to above, but also will have a substantial impact on audit, accounting, and legal functions. To that end two additional field auditors, one additional accountant, and one addition to the legal staff are requested. The provisions referred to in this paragraph are new to the public housing program.

Central office relocation staff will be responsible for the preparation of material for the implementation of the regulations, analysis and publication of statistical data, and fiscal, legal, and audit staff in central office for the administrative and legal review and evaluation of regional office sections.

With respect to these provisions, regional relocation staffs would be required to provide technical assistance to local authorities, as necessary or as requested, in the development of feasible relocation plans, review local authority relocation plans for feasibility; assist local authorities as desired in developing and carrying out implementing procedures; and in the review of local authority operations for compliance with requirements.

In carrying out these functions, it would be necessary for regional office staffs to make site inspections, consult with local public agencies as requested, review pertinent local authority reports, and take steps to assure proper intra-agency and interagency coordination.

Fifteen additional positions are requested to carry out the increased responsibilities. The total annual salaries for these positions is \$122,000 but they are requested for only 0.5 percent of the year for a net salary of \$66,000.

Three positions are requested for the central office; one each in legal, management, and fiscal.

Ten positions are requested for the regional offices and two positions for the field audit staff.

A breakdown follows:

	1965 estimate, net cost	Positions, June 30, 1964
Central office:		
Legal Division: Office of General Counsel.....	\$5,400	1
Management Division: Office of Assistant Commissioner.....	5,400	1
Administration Division: Fiscal Branch.....	3,800	1
Total, central office.....	14,600	3
Regional offices.....	43,800	10
Field Audit Staff.....	7,600	2
Total employment.....	66,000	15

The table on the following page provides an object distribution of obligations contained in the supplemental request.

<i>Administrative expense requirements, supplemental estimate, fiscal year 1965</i>	
June 30 employment.....	15
Obligations: Personal services.....	\$66,000
Other objects:	
21 Travel and transportation of persons.....	5,000
23 Rent, communications, and utilities.....	1,200
24 Printing and reproduction.....	600
25 Other services.....	300
26 Supplies and materials.....	300
31 Equipment.....	1,600
Total obligations.....	75,000

## EXPANDED RELOCATION ASSISTANCE

The first relates to new and expanded relocation provisions for both public housing and urban renewal.

## CONTENT OF PROVISION

These provisions would involve supplemental rent payments to individuals and to families of low income and moderate income which are displaced as a result of these two activities and additional payments to small businesses having a gross income of \$10,000 or less in these two programs. This would mean in the urban renewal program that every one of the existing contracts, because this becomes retroactive, would have to become renegotiated. Because of the nature of the formula we would have to supervise the fixing of average rentals for various size families, and we would have to render certain technical assistance and services to the local communities as well as setting up criteria in the Washington office to establish this.

To carry out this particular activity in the urban renewal program, we are asking for \$165,000 and 30 additional people. In the public housing program up until this time, the requirements for relocation have been quite different from those in the urban renewal program. The requirement simply says that people shall be rehoused in housing no worse than the housing that they had before. This would not require them to be placed, Senator, in decent housing.

In addition, the supplemental payments which I have just outlined for urban renewal would apply to this program. In order that the Public Housing Administration could carry out its responsibilities we are asking for \$75,000 for administrative expenses which would provide for 15 people.

Senator ELLENDER. Isn't much of that done, Doctor, by the authority that has control and who administers public housing?

## SETTING UP CRITERIA AND STANDARDS

Mr. WEAVER. Yes, a great deal of it is, but we have to first set up criteria and standards. We have to do a certain amount of review work, and we have also to render certain technical assistance out of our regional offices to the local authorities in order to bring them up to these standards, because this represents a new approach and a new program.

Senator ELLENDER. Why the new approach? I am not familiar with this. We have in the Federal Government an administrator who makes the payments that are required by the Federal Government, but insofar as administration of the authority itself, that is, the buildings and the occupancy, and things of that character, they are done under the law and the administration is totally in the hands of local authorities now. How does this new program differ?

## FEDERAL STANDARD OF RELOCATION

Mr. WEAVER. This differs because this provides for a Federal standard of relocation, which is higher than has existed before in the public housing program. This means that the PHA here in Washington has to establish procedures, has to establish estimates, has to estab-

lish ways and means of setting forth this particular program. In addition, it has to absorb these new types of assistance which I have outlined earlier for urban renewal because the same thing is now applied to public housing.

Senator ELLENDER. This applies only then to certain areas?

Mr. WEAVER. It applies only to those projects which are put under loan contract after January 27 of 1964 this applies of course only to those public housing projects where you are clearing a slum and relocating people and businesses.

Senator ELLENDER. In what areas of the country will that be?

Mr. WEAVER. In all areas, all regions of the country. Wherever there is a slum clearance project, wherever people or businesses are dislocated, this would apply.

Senator ALLOTT. Mr. Chairman, would you yield there?

#### RELOCATING DISPLACED

Senator ELLENDER. Senator Allott.

Senator ALLOTT. Mr. Weaver, you said the standards and criteria were changed for the kind of housing to which you would move these people displaced by urban renewal. That is what we are talking about.

Mr. WEAVER. Urban renewal and public housing, but I was particularly talking about public housing.

Senator ALLOTT. The problem is similar in each instance. We are dealing with the same principle even though it arises from different sources. You have said heretofore that the standard was that they had to be placed in housing of a similar character if displaced.

Mr. WEAVER. May I differentiate here?

Senator ALLOTT. Yes.

Mr. WEAVER. From the beginning of the urban renewal program it was required by statute that displaced be relocated into safe, decent, sanitary housing within reasonable access to their employment.

On the other hand, under the public housing program from the beginning it was said that people would be relocated in housing no worse than the housing in which they were living before.

Senator ALLOTT. So you had two different standards.

Mr. WEAVER. Yes, sir.

Senator ALLOTT. My point is that you had to have a section of your own department to deal with this problem of determining whether it met the criteria either under the public housing or under the urban renewal.

#### NEED FOR ADDITIONAL MONEY AND PERSONNEL

Why do you need more money and more people just to determine that they are placed in—what was the word you used, “decent”?

Mr. WEAVER. Safe, decent, and sanitary housing.

Senator ALLOTT. Safe, decent, and sanitary housing. You have these people who have been doing the same thing, although they used different criteria before.

Now why do you need more people to do the same thing?

Mr. WEAVER. Primarily because there are two new provisions provided for in the new housing legislation which now is being considered, which is really the reason why we are here, and those are



the supplemental rent payments to families and individuals and payments to small businesses that are dislocated.

These are new and quite different types of payment. Up to this point we have only paid moving expenses in both categories. We have paid limited moving expenses and a very limited amount of relocation, so this is a much larger operation than before.

Senator ELLENDER. How many additional people do you expect to hire?

Mr. WEAVER. We are asking for 30 additional people in connection with the urban renewal program because this will involve the amendment of all outstanding contracts wherever people have not been relocated. This goes back. The project is under contract.

In the public housing, because its coverage only involves those projects which are slum clearance—which are about a third—and only starts January 1964, we are asking for 15.

#### PROGRESS IN LOW-RENT PUBLIC HOUSING PROGRAM

Senator ELLENDER. To what extent was public housing slowed in the past 3 or 4 years?

Mr. WEAVER. Was it slowed?

Senator ELLENDER. To what extent was public housing program slowed?

Mr. WEAVER. By the relocation problem?

Senator ELLENDER. No; in that we didn't build as many houses as we proposed before. The reason I am asking this is, as I recall, we had quite a lot of difficulty in the past in obtaining more public housing. I am just wondering if you cut back on the number of people that were hired to take care of the situation in the past.

#### PHA EMPLOYMENT

Mr. WEAVER. As a matter of fact, sir, we have made no additions to our staff in public housing for how many years?

Mrs. MCGUIRE. 1958.

Mr. WEAVER. Since 1958, and we are now building at a much higher rate than we were at that time.

Mrs. MCGUIRE. And also managing, if I may add.

Mr. WEAVER. And managing a much larger number of projects.

#### STATUS OF SUPPLEMENTAL REQUEST

Senator SALTONSTALL. Mr. Chairman, may I ask a question?

Senator ELLENDER. Yes, sir.

Senator SALTONSTALL. Mr. Weaver, we are not really in a position today to pass on these requests. You are asking for \$22,650,000 on a bill that is now in conference, as I understand it; for open-space land grants, \$15 million; for low-income housing demonstration grants, \$2.5 million; and for advances for public works planning, \$12 million.

None of those items with the exception of the Federal-State training of \$5,075,000 appears on what is directly before us and is now current legislation. Am I not correct?

Mr. FRANTZ. Senator Saltonstall, on all nine of these items—both the five new ones and the four that were in the regular budget—

lacking authorization, the appropriation language that we have suggested is contingent upon the enactment into law of the Senate bill.

Senator SALTONSTALL. I understand that, but has the budget request come in?

Mr. FRANTZ. Yes, sir. Four of them were in the regular budget and the other five are in the supplemental.

Senator SALTONSTALL. But they were all excluded in the bill?

Mr. FRANTZ. They all lacked authorization at the time of the regular bill.

Senator SALTONSTALL. What has gone through is for approval; is it not?

Mr. FRANTZ. Yes, sir.

Senator SALTONSTALL. If the bill has become law does the original budget request apply? I would not think it did.

Mr. FRANTZ. The Bureau of the Budget advised us that the supplemental amounts now before you—which were printed in the budget contingent upon the authorizing language—were officially submitted and need not be resubmitted.

#### NEED FOR NEW BUDGET MESSAGE

Senator SALTONSTALL. I may be in error in what I say, but I would think that some new message is necessary, because that appropriation bill has already become law and the mere fact that it was put in on a contingency basis, providing the law was passed or the law wasn't passed doesn't apply.

Mr. FRANTZ. We took that up with them very definitely.

Senator SALTONSTALL. With the Budget Director?

Mr. FRANTZ. Yes, sir; and they assured us that a new message on those four items was not needed.

Senator ELLENDER. That was sent in contingent that the Congress would act and the Congress did act. Therefore, it is now legal.

Mr. FRANTZ. On enactment of the Housing Act it will be authorized.

Mr. WEAVER. That is what we have been advised.

Senator ELLENDER. I think that advice is correct.

Senator SALTONSTALL. You think, Mr. Chairman, that is proper?

Senator ELLENDER. I think so. We have done that in the past.

Senator SALTONSTALL. I didn't realize we did.

Senator ELLENDER. The House authorized quite a few projects and placed next to the projects, "Are not yet authorized," but in the report it said they were to be effective if, as, and when authorized, and by the time it reached the Senate, and we held a hearing, the law was enacted.

Senator SALTONSTALL. I still don't either understand or don't agree; I am not quite sure which.

Senator ELLENDER. Maybe you don't agree. I know you understand.

Senator SALTONSTALL. You will have to come before us again on these requests, won't you, because you don't know what the amounts authorized are yet?

Mr. WEAVER. I beg your pardon; what do you mean?

#### URBAN PLANNING ASSISTANCE GRANTS

Senator SALTONSTALL. I mean this: You have urban planning assistance grants of \$22,650,000 in your statement here. We don't know yet because it is in conference what the law is finally going to be, do we?

Mr. FRANTZ. May I use that one as an illustration, Senator?

Senator SALTONSTALL. Yes.

Mr. FRANTZ. The budget estimate submitted for that program was \$25 million, of which \$22,650,000 would be contingent on an increase in authorization. In the regular independent offices bill the Congress appropriated the \$2,350,000 that was then authorized.

This increase in authorization is included in both the House-passed bill and the Senate-passed bill, so the matter is not in conference.

Senator SALTONSTALL. So you are sure of that?

Mr. FRANTZ. Yes, sir. That is true of all four of these items.

Senator SALTONSTALL. They are not in conference?

Mr. FRANTZ. No, sir.

Senator ELLENDER. Any further questions?

Senator ALLOTT. I want to be sure that I understand that.

#### BUDGET ITEMS IN ORIGINAL ESTIMATE

As I understand it—I think I have it straight—these were all included in the original budget estimate?

Mr. FRANTZ. That is correct.

Senator ALLOTT. At the time you came before us for your regular appropriations, Nos. 1 and 2 were not authorized?

Mr. FRANTZ. The amounts we are now requesting were not; that's correct.

Senator ALLOTT. What you now request was not authorized. They now are authorized?

Mr. FRANTZ. Yes, sir; when the housing bill is enacted.

Senator ALLOTT. You are talking about four of those plus these additional items.

Mr. FRANTZ. That is correct, Senator. This, merely for these four items, completes action on the regular budget estimate. These are not increases in the budget.

Senator ALLOTT. I just wanted that straight on the record.

Mr. FRANTZ. That is correct.



## LACK OF AUTHORIZATION

Senator SALTONSTALL. Are you planning to testify, Mr. Weaver, on these four items?

Mr. WEAVER. I already have testified on them, but I would be happy to discuss them with you.

Senator SALTONSTALL. Before this committee.

Mr. WEAVER. Yes, sir; when I came up here originally with the original budget I testified on these.

Senator ELLENDER. And the only reason it wasn't put in was because of lack of authorization.

If the Senator wishes to put that same testimony again in the record or let Dr. Weaver highlight it you will have it before us, either way.

Senator SALTONSTALL. Mr. Allott is the senior member of our committee. We have to rely on your past testimony when you testified on independent offices on these four items.

Mr. WEAVER. Yes, sir.

Senator ALLOT. I would suggest what you do here, Mr. Weaver, is make a reference right now of your testimony by page on these items so we can have a ready reference to it, unless the Senator from Massachusetts wishes to have more testimony.

(The information referred to follows:)

## URBAN PLANNING GRANTS

(Senate hearings on independent offices appropriations, 1965, pt. II, pp. 1271-1272)

The requested 1965 supplemental appropriation of \$22,650,000—which was in the President's budget as recommended appropriation pursuant to enactment of authorization—would be authorized upon enactment of the Housing Act of 1964. This amount, together with amounts already appropriated, will permit approval of new planning grants up to the budget estimate of \$25 million in fiscal year 1965. The following tables show the derivation of these amounts and the estimated budget program:

Available, Independent Offices Appropriation Act, 1965-----	\$2, 350, 000
1956 supplemental, pursuant to new authorization enacted in the Housing Act of 1964-----	33, 650, 000
Total estimated program, fiscal year 1965-----	25, 000, 000

*Program highlights*

[Dollars in thousands]

	Actual, 1963	Actual, 1964	Estimated, 1965
Contracts approved (net):			
Number-----	390	355	475
Amount-----	\$17, 900	\$21, 245	\$25, 000
Appropriations-----	\$18, 000	\$21, 150	\$25, 000
Applications pending, yearend-----		2, 700	

## URBAN RENEWAL ADMINISTRATION

## Appropriation language:

*"URBAN PLANNING GRANTS*

*"For an additional amount for 'Urban planning grants,' \$22,650,000: Provided, That this appropriation shall be effective only upon the enactment into law of S. 3049, Eighty-eighth Congress."*

*Summary*

Available, Independent Offices Appropriation Act, 1965.....	\$2,350,000
Supplemental, pursuant to the authorization in the Housing Act of 1964 (S. 3049, 88th Cong.).....	22,650,000
Total estimate.....	25,000,000

## JUSTIFICATION

A detailed justification statement for the urban planning grant program will be found in section P of part 1 of the Agency justifications for the fiscal 1965 budget estimates.

The fiscal 1965 budget recommends a total appropriation of \$25 million for urban planning grants, of which \$2,350,000 was pursuant to existing statutory authorization for appropriations and \$22,650,000 was dependent upon the enactment of further authorizing legislation.

The Independent Offices Appropriation Act for 1965 contains an appropriation of \$2,350,000.

S. 3049, the Housing Act of 1964, as passed by both the House and the Senate contains an additional authorization for appropriations amounting to \$30 million.

The current supplemental estimate is for \$22,650,000 which will permit a grant approval level of \$25 million as recommended in the 1965 budget.

The table on the following page presents an historical summary of the statutory authorization and appropriations for this program.

*Urban planning assistance*

	Statutory authorization	Appropriations
Housing Act of 1954.....	\$5,000,000	.....
Housing Act of 1956.....	5,000,000	.....
Housing Act of 1959.....	10,000,000	.....
Housing Act of 1961.....	55,000,000	.....
Housing Act of 1964.....	30,000,000	.....
Enacted authorization.....	105,000,000	.....
Supplemental Appropriation Act, 1955.....	.....	\$1,000,000
Independent Offices Appropriation Act, 1956.....	.....	2,000,000
Independent Offices Appropriation Act, 1957.....	.....	1,500,000
Independent Offices Appropriation Act, 1958.....	.....	1,275,000
Independent Offices Appropriation Act, 1959.....	.....	3,250,000
Independent Offices Appropriation Act, 1960.....	.....	975,000
Mutual Security Appropriation Act, 1960.....	.....	750,000
Second Supplemental Appropriation Act, 1960.....	.....	1,650,000
Independent Offices Appropriation Act, 1961.....	.....	4,000,000
Independent Offices Appropriation Act, 1962.....	.....	3,600,000
Supplemental Appropriation Act, 1962.....	.....	13,500,000
Independent Offices Appropriation Act, 1963.....	.....	18,000,000
Independent Offices Appropriation Act, 1964.....	.....	21,150,000
Independent Offices Appropriation Act, 1965.....	.....	2,350,000
Subtotal, enacted appropriations.....	.....	75,000,000
Proposed supplemental Appropriation Act, 1965.....	.....	22,650,000
Estimated unused balance, June 30, 1965.....	.....	7,350,000
Total.....	105,000,000	105,000,000

## OPEN SPACE LAND GRANTS

(Senate hearings on independent offices appropriations, 1965, pt. II, pp. 1290-1294)

The requested 1965 supplemental appropriation of \$15 million—which was in the President's budget as recommended appropriation pursuant to enactment

of authorization—would be authorized upon enactment of the Housing Act of 1964. This amount, together with amounts already appropriated will permit approval of open space land grants up to the budget estimate of \$29,600,000 in fiscal year 1965. The following tables show the derivation of these amounts and the estimated budget program:

*Fiscal year 1965 appropriations*

	Total appro- priation	Grant funds	Limitation administra- tive expense
Available, Independent Offices Appropriation Act, 1965.....	\$15,000,000	\$14,738,000	\$262,000
1965 supplemental pursuant to new authorization enacted in the Housing Act of 1964.....	15,000,000	14,862,000	138,000
Total estimated program fiscal year 1965.....	30,000,000	29,600,000	400,000

*Program highlights*

	Actual, 1963	Actual, 1964	Estimate, 1965
Grant commitments:			
Number.....	100	102	205
Amount.....	\$14,726,713	\$14,711,824	\$29,600,000
Appropriations:			
Grant commitments.....	\$14,726,713	\$14,711,825	\$29,600,000
Administrative expenses.....	250,000	262,000	400,000
Lapsed.....	23,287	26,175	-----
Total.....	15,000,000	15,000,000	30,000,000
Applications pending, yearend.....	-----	12,000,000	-----

OFFICE OF THE ADMINISTRATOR

Appropriation language:

*“OPEN SPACE LAND GRANTS*

*“For an additional amount for ‘Open space land grants,’ \$15,000,000: Provided, That not to exceed \$138,000 may be used for administrative expenses and technical assistance, and no part of this appropriation shall be used for administrative expenses in connection with grants requiring payments in excess of the amount herein appropriated therefor: Provided further, That this paragraph shall be effective only upon the enactment into law of S. 3049, Eighty-eighth Congress.”*

*Summary*

	Total appro- priation	Limitation on admin- istrative expenses
Available, Independent Offices Appropriation Act, 1965.....	\$15,000,000	(\$262,000)
Supplemental, pursuant to the authorization in the Housing Act of 1964 (S. 3049, 88th Cong.).....	15,000,000	(138,000)
Total estimate.....	30,000,000	(400,000)

JUSTIFICATION

A detailed justification statement for the open space land-grant program will be found in section Q of part 1 of the agency justifications for the fiscal 1965 budget estimates.

The fiscal 1965 budget recommended a total appropriation of \$30 million, of which \$29.6 million was for grant commitments and \$400,000 for administrative



expenses. Approximately half of the recommended appropriation was dependent upon the enactment of new authorizing legislation. An additional authorization of \$25 million is contained in S. 3049 as passed by both the House and the Senate.

The table on the following page presents a historical summary of the sources of the open space land-grant authorization, the usage of the authority, and the actual and estimated usage of the appropriations provided.

*Open space land grants*

[In thousands of dollars]

	Authoriza- tion	Usage of authority
<b>Sources of authorization:</b>		
Contract authority pursuant to Housing Act of 1961.....	50,000	.....
Contract authority pursuant to Housing Act of 1964.....	25,000	.....
<b>Contract commitments:</b>		
Fiscal year 1962.....		3,229
Fiscal year 1963.....		14,727
Fiscal year 1964.....		14,712
Fiscal year 1965 (estimate).....		29,600
Subtotal.....		62,268
Estimate unused balance available June 30, 1965.....		12,732
Total.....	75,000	75,000

*Usage of appropriations*

	<i>Appropriations</i>
<b>Supplemental Appropriation Act, 1962 :</b>	
Contract commitments.....	\$3,229
Administrative expenses.....	110
Appropriations lapsing.....	31,661
Total.....	35,000
<b>Independent Offices Appropriation Act, 1963 :</b>	
Contract commitments.....	14,727
Administrative expenses.....	250
Appropriations lapsing.....	23
Total.....	15,000
<b>Independent Offices Appropriation Act, 1964 :</b>	
Contract commitments.....	14,712
Administrative expenses.....	262
Appropriations lapsing.....	26
Total.....	15,000
<b>Independent Offices Appropriation Act, 1965 :</b>	
Contract commitments.....	14,738
Administrative expenses.....	262
Total.....	15,000
<b>Proposed Supplemental Appropriation Act, 1965 :</b>	
Contract commitments against prior authority.....	2,594
Contract commitments against new authority.....	12,268
Administrative expenses.....	138
Total.....	15,000

*Recapitulation of usage of authorization*

Contract authority pursuant to Housing Act of 1961-----	\$50,000
<hr/>	
Contract commitments:	
Fiscal year 1962-----	3,229
Fiscal year 1963-----	14,727
Fiscal year 1964-----	14,712
<hr/>	
Total utilized June 30, 1964-----	32,668
<hr/>	
Balance available-----	17,332
<hr/>	
Proposed usage of balance available:	
Independent Offices Appropriation Act, 1965-----	14,738
Proposed Supplemental Appropriations Act, 1965-----	2,594
<hr/>	
Total-----	17,332
<hr/>	
Contract authority pursuant to Housing Act of 1964-----	25,000
<hr/>	
Proposed Supplemental Appropriations Act, 1965-----	12,268
Estimated unused balance available, June 30, 1965-----	12,732
<hr/>	
Total-----	25,000

## LOW-INCOME HOUSING DEMONSTRATIONS

(Senate hearings on independent offices appropriations, 1965, pt. II, pp. 1294-1297)

The requested 1965 supplemental appropriation of \$2,500,000, of which \$50,000 is for administrative expenses, would be authorized upon enactment of the Housing Act of 1964. This supplemental request is a revised estimate from the President's budget request of \$5,075,000 which was also dependent upon the enactment of new authorization. The following tables summarize fiscal year 1965 appropriations and the estimated budget program:

*Fiscal year 1965 appropriations*

	Total appropriation	Grant funds	Limitation administrative expenses
Available, Independent Offices Appropriation Act, 1965-----	\$25,000		\$25,000
1965 supplemental pursuant to new authorization enacted in the Housing Act of 1964-----	2,500,000	\$2,450,000	50,000
Total estimated program, fiscal year 1965-----	2,525,000	2,450,000	75,000

*Program highlights*

	Actual, 1963	Actual, 1964	Estimate, 1965
Grant commitments:			
Number-----	18	9	15
Amount-----	\$2,953,540	\$1,157,000	\$2,450,000
Appropriations:			
Grant commitments-----	2,953,540	1,157,000	2,450,000
Administrative expenses-----	40,000	43,000	75,000
Lapsed-----	6,460		
Total-----	3,000,000	1,200,000	2,525,000

## OFFICE OF THE ADMINISTRATOR

## Appropriation language:

*"LOW INCOME HOUSING DEMONSTRATION PROGRAMS*

*"For low income housing demonstration programs pursuant to section 207 of the Housing Act of 1961, as amended, \$2,500,000: Provided, That not to exceed \$50,000 may be available for administrative expenses, but no part of this appropriation shall be available for administrative expenses in connection with contracts to make grants in excess of the amount herein appropriated therefor: Provided further, That this appropriation shall be effective only upon the enactment into law of S. 3049, Eighty-eighth Congress."*

*Summary*

	Total appropriation	Limitation administrative expenses
Available, Independent Offices Appropriation Act, 1965.....	\$25,000	(\$25,000)
Supplemental, pursuant to the authorization in the Housing Act of 1964, (S. 3049, 88th Cong.).....	2,500,000	(50,000)
Total estimate.....	2,525,000	(75,000)

## JUSTIFICATION

A detailed justification statement for the low-income housing demonstration grant program will be found in section G of part I of the Agency justifications for the fiscal 1965 budget estimates.

The fiscal 1965 budget recommended a total appropriation of \$5,075,000, of which \$5 million was for grant commitments and \$75,000 for administrative expenses. The grant appropriation was dependent upon the enactment of new authorization which is contained in the amount of \$5 million in S. 3049, the Housing Act of 1964, as passed by both the House and Senate.

The current supplemental estimate is for \$2.5 million.

The table on the following page presents an historical summary of the sources of the low-income housing demonstration grant authorization, the usage of the authority, and the actual and estimated usage of the appropriations provided.

*Low-income housing demonstration grants*

	Statutory authorization	Authority utilized (contract commitments)
Housing Act of 1961.....	\$5,000,000	-----
Housing Act of 1964.....	5,000,000	-----
Fiscal year:		
1962.....	-----	\$846,445
1963.....	-----	2,953,540
1964.....	-----	1,157,000
Authority utilized.....	-----	4,956,985
Estimate 1965.....	-----	2,450,000
Estimate unused balance available, June 30, 1965.....	-----	2,593,015
Total.....	10,000,000	10,000,000



*Use of liquidating appropriations*

	<i>Total appropriations</i>
Supplemental Appropriations Act, 1962:	
Contract commitments-----	\$846,445
Administrative expenses-----	20,000
Appropriation lapsing-----	1,133,555
Total-----	<u>2,000,000</u>
Independent Offices Appropriations Act, 1963:	
Contract commitments-----	2,953,540
Administrative expenses-----	40,000
Appropriations lapsing-----	6,460
Total-----	<u>3,000,000</u>
Independent Offices Appropriations Act, 1964:	
Contract commitments (estimate)-----	1,157,000
Administrative expenses (estimate)-----	43,000
Total-----	<u>1,200,000</u>
Independent Offices Appropriations Act, 1965: Administrative expenses-----	<u>25,000</u>
Proposed Supplemental Appropriations Act, 1965:	
Contract commitments-----	2,450,000
Administrative expenses-----	50,000
Total-----	<u>2,500,000</u>

## ADVANCES FOR PUBLIC WORKS PLANNING

(Senate hearings on independent offices appropriations, 1965, pt. II, pp. 1297-1298)

The requested 1965 supplemental appropriation of \$12 million—which was in the President's budget as recommended appropriation pursuant to enactment of authorization—would be authorized upon enactment of the Housing Act of 1964. This amount, together with amounts already appropriated and estimated to become available, will permit approval of new planning advances up to the budget estimate of \$24 million in fiscal year 1965. The following tables show the derivation of these amounts and the estimated budget program:

Independent Offices Appropriations Act, 1965:	
Immediately available (definite)-----	\$1,000,000
Available contingent upon forgiveness of previous advances in accordance with sec. 6 of Public Works Acceleration Act (estimate)-----	3,000,000
Total-----	<u>4,000,000</u>
Estimated repayment of advances to revolving fund-----	8,000,000
Requested Supplemental Appropriation, 1965: Pursuant to new authorization enacted in the Housing Act of 1964-----	12,000,000
Total estimated program, fiscal year 1965-----	<u>24,000,000</u>

*Program highlights*

[Dollars in thousands]

	Actual, 1963	Actual, 1964	Estimate, 1965
Applications received:			
Number-----	1,279	1,088	1,200
Amount-----	\$40,863	\$38,919	\$50,000
Gross approvals-----	765	695	765
Net approvals:			
Number-----	639	526	685
Amount-----	\$17,466	\$10,547	\$24,000
Plans approved-----	480	633	515
Applications pending, end of year:			
Number-----	377	471	467
Amount-----	\$14,291	\$21,598	\$24,000

## COMMUNITY FACILITIES ADMINISTRATION

## Appropriation language:

## "PUBLIC WORKS PLANNING FUND

"For an additional amount for 'Public works planning fund,' \$12,000,000: *Provided*, That this paragraph shall be effective only upon the enactment into law of S. 3049, Eighty-eighth Congress."

*Summary*

Available, Independent Offices Appropriation Act, 1965-----	<sup>1</sup> \$1,000,000
Supplemental, pursuant to the authorization in the Housing Act of 1964 (S. 3049—88th Cong.)-----	12,000,000
Total estimate-----	<sup>1</sup> 13,000,000

<sup>1</sup> Plus up to \$3,000,000 contingent upon forgiveness of advances in accordance with sec. 6 of the Public Works Acceleration Act.

## JUSTIFICATION

A detailed justification statement for the program of public works planning advances will be found in section J of part 1 of the agency justifications for the fiscal year 1965.

The fiscal 1965 budget recommended an appropriation of \$12 million contingent upon the enactment of additional authorizing legislation. Such authorization is contained in the amount of \$20 million in S. 3049, the Housing Act of 1964, as passed by both the House and the Senate.

With the requested \$12 million appropriation, the budgeted program level of \$24 million will be reached through the use of the \$1 million appropriated in the Independent Offices Appropriation Act, 1965, plus up to \$3 million which may become available upon forgiveness of planning advances in accordance with section 6 of the Public Works Acceleration Act, plus estimated repayments of between \$8 and \$9 million.

The table on the following page presents an historical summary of the statutory authorization and appropriations to the public works planning fund.

*Public works planning fund*

	Statutory authorization	Appropriations
Housing Act of 1954-----	\$10,000,000	-----
Housing Amendments of 1955:		
July 1, 1955-----	12,000,000	-----
July 1, 1957-----	12,000,000	-----
July 1, 1958-----	14,000,000	-----
Housing Act of 1961-----	10,000,000	-----
Housing Act of 1964-----	20,000,000	-----
Supplemental Appropriation Act, 1955-----		\$1,500,000
Independent Offices Appropriation Act, 1956-----		3,000,000
Independent Offices Appropriation Act, 1957-----		7,500,000
Independent Offices Appropriation Act, 1959-----		5,000,000
Independent Offices Appropriation Act, 1959-----		7,000,000
Independent Offices Appropriation Act, 1960-----		6,000,000
Independent Offices Appropriation Act, 1961-----		6,000,000
Independent Offices Appropriation Act, 1962-----		7,000,000
Second Supplemental Appropriation Act, 1962-----		1,000,000
Independent Offices Appropriation Act, 1963-----		12,000,000
Independent Offices Appropriation Act, 1964-----		2,000,000
Independent Offices Appropriation Act, 1965-----		<sup>1</sup> (1,000,000)
Subtotal, enacted appropriations-----		58,000,000
Proposed supplemental Appropriation Act, 1965-----		12,000,000
Estimated unused balance available, June 30, 1965-----		8,000,000
Totals-----	78,000,000	78,000,000

<sup>1</sup> Plus up to \$3,000,000 contingent upon forgiveness of advances in accordance with sec. 6 of the Public Works Acceleration Act.

NOTE.—Figures in parentheses do not add.

## TESTIMONY BEFORE HOUSE

Senator SALTONSTALL. No, I don't want it here, anyway. The House is in a position when it considers the supplemental and send the supplemental over to us to include the amount that they think appropriate under these items?

Mr. FRANTZ. That is correct; yes, sir. We testified on these items yesterday.

Senator SALTONSTALL. You testified to the House?

Mr. FRANTZ. That is correct; yes, sir.

Senator ELLENDER. All right. You may proceed.

## FEDERAL-STATE TRAINING PROGRAMS

Mr. WEAVER. The third item relates to the program of Federal-State training programs for persons who are engaged in carrying out activity in the areas where the Housing and Home Finance Agency operates.

(The justification follows:)

## OFFICE OF THE ADMINISTRATOR

Appropriation language:

*FEDERAL-STATE TRAINING PROGRAMS*

*"For matching grants to States for authorized training and related activities, and for expenses of providing technical assistance to State and local governmental or public bodies (including studies and publication of information), \$5,075,000: Provided, That not to exceed \$75,000 of this appropriation may be used for administrative expenses and technical assistance: Provided further, That this appropriation shall be effective only upon the enactment into law of S. 3049, Eighty-eighth Congress."*

*Summary*

Available.....	-----	
Supplemental, H. Doc. No. 346, to inaugurate new program contained Housing Act of 1964 (S. 3049, 88th Congress) :		
For grants.....	-----	\$5, 000, 000
For administrative expenses.....	-----	75, 000
Total estimate.....	-----	5, 075, 000

## JUSTIFICATION

Title VI of S. 3049 as passed by the House includes an administration proposal designed to meet the growing needs for trained personnel to administer increasingly complex urban programs with greater efficiency.

It would authorize the Housing and Home Finance Administrator to make matching grants to States to assist them in developing special training programs for technical and professional people who are, or are likely to be, employed by a governmental or public body which has responsibilities for community development. These matching grants could also be used to support State and local



research on housing, public improvement programs, code problems, efficient land use, urban transportation, and similar community development problems. It is intended that the training and research would be carried on by the States in cooperation with public or private universities and colleges and urban centers.

In order to be eligible to receive a matching grant, a State would be required to adopt a plan for the use of the grant funds. A State plan would (1) set forth the proposed use of the funds and the objectives to be accomplished; (2) explain the method by which the matching local funds will be provided; (3) provide adequate fiscal control and fund accounting procedures; (4) designate a State officer or agency to administer the program; and (5) provide for reports to the Administrator containing such information as he may reasonably require.

There is no doubt that a lack of sufficient knowledge and trained personnel is proving to be costly in provision of local public improvements and housing which are supported by large investments of Federal funds or insured risks under Federal programs. Annual expenditures in the form of matching grants to States for training and research, and for technical assistance in connection with such a program, would amount to only a fraction of 1 percent of annual Federal outlays to assist in local capital improvement and housing programs. The gains to be realized through resultant greater efficiency would far outweigh the cost of the proposed grant program.

There is an urgent need to increase the available number of professional and technical people employed by governmental or public bodies with responsibilities for community development and to improve the quality of their training.

There is a need for trained people with new skills which have grown out of some of the emerging problem areas of community development; transportation, urban planning, public improvement programing, etc. There is also a need to update the training and skills of municipal employees performing conventional functions that have become increasingly complex and technical; building inspectors, tax assessors, etc.

A specific example is the shortage of traffic engineers. Over the next 5 years, it is estimated that at least 1,000 new traffic engineers will be needed by the Nation's cities. At present only about 50 qualified traffic engineers enter the field each year.

Less than one-third of local government carry on any specialized training in urban development problems for professional and technical people they employ. Only a few State governments conduct such training. Nor are local universities presently providing the necessary training on anything like the scale needed. Only a few universities are effectively contributing to the training of such personnel in their regions.

The State programs that would receive support under title VI would link training with urban affairs research activities, especially applied research related to ongoing programs. Technical and professional training for the operating official, as well as for the ones entering professional and subprofessional positions, is not simply a matter of classroom instruction. For example, the urban planner's retraining should take place with "live" data, not simply abstract materials. The institution providing this training should logically be a repository for economic land use, transportation, demographic, and other urban data. The employee training in such a laboratory deals with realistic problems and with materials which he will later encounter on the job.

The States desiring to participate will each formulate a coordinated statewide program to meet their individual needs, designating the agencies and institutions to carry out the program. The pattern of implementation of this program would vary from State to State. States differ in their needs for training and research as well as in their research facilities. A State with several relatively small urban centers may well establish a different format from a State with one or two very large metropolitan complexes.

Title VI would be administered upon a program rather than a project basis. A State would submit a program plan containing (a) a description of training

and research projects to be undertaken; (b) a justification of the proposed program to meet expected future shortages of specified types of personnel to be trained; (c) the facilities of designated institutions or agencies and their capability to perform the planned training and research; (d) evidence that the training programs and research activities are of an applied nature and relevant to existing community development problems; (e) an explanation of methods and sources of non-Federal funds; (f) provide for necessary fiscal control and fund accounting procedures; (g) designate an officer or agency of the State who has responsibility for the proposed program; (h) make provision for reports to the Administrator in such form as required by the Administrator.

The proposed plans received from States would be reviewed with respect to all of the above elements. An analysis also would be made to see whether the designated State agencies are eligible to receive and spend the Federal funds. To carry out these functions and administer the program in accordance with the statutory requirements, a staff of 10 persons would be required. A director would supervise the entire program.

Staff people would review the proposed program, not only in accordance with the above elements but also to ascertain that the training and research to be undertaken would meet the objectives of the program and could be carried out adequately with the resources that would be made available with a Federal grant and the matching State grant. This would require specialists in training programs, in urban research problems—technological and financial—and a knowledge of fiscal and budgetary controls.

In accordance with the provisions for technical assistance under the program, there would also be staff members to help the States in development of their programs and related studies. There would also be a review and publication of the research results produced under the program. Of the 10 staff people, a director, 6 other professionals and 3 secretarial-clerical persons would be needed.

An advisory committee of experts from State and local government and from universities would be established to advise the HHFA on training programs. Travel and per diem would have to be provided for members of the committee when attending meetings.

Although \$10 million would be authorized to be appropriated for this program, only \$5 million is being requested for fiscal 1965 in recognition of the need for States to designate agencies to administer their programs, to formulate their programs and authorize their share of the matching grants. A staff to administer the program within HHFA would have to be recruited and would have to establish criteria for and review annual State programs that are submitted, in order to recommend approval or rejection by the Administrator. There are, however, a goodly number of States that have operating urban studies centers and institutions that carry on training activities, and it is estimated that about 20 States would submit plans in the first year and an additional 15 would request assistance in developing programs.

The next page describes the proposed additional staffing required for the program, including grades and position titles of the persons whose activities are described above. The page following summarizes the estimated obligations for personal services, travel, and other objects of expenditure anticipated under the new program. The salaries shown do not reflect the higher salary rates which become effective on enactment of the Federal Employees Salary Act of 1964.

*Proposed staffing by grade and title*

Title	Grade	Number	Total annual salary
Director, Federal-State training programs division.....	15	1	\$15,665
Director of training and State program review.....	14	1	13,615
Training program specialist.....	12	1	9,980
Studies program evaluator.....	12	1	9,980
Technical programs specialist.....	11	1	8,410
Financial and economics programs specialist.....	11	1	8,410
Studies review and publication editor.....	11	1	8,410
Clerical assistant.....	5	1	4,690
Secretary.....	5	1	4,690
Stenographer.....	3	1	3,880
Total positions and annual salary.....		10	87,730
Net personal services.....			46,800

*Federal-State training programs, estimate fiscal year 1965*

June 30 employment-----	10
Obligations: Personal services-----	\$46, 800
Other objects:	
21 Travel and transportation of persons-----	7, 300
22 Transportation of things-----	1, 000
23 Rent, communications, and utilities-----	7, 800
24 Printing and reproduction-----	4, 100
25 Other services-----	2, 000
26 Supplies and materials-----	500
31 Equipment-----	5, 500
Total obligations-----	75, 000

Mr. WEAVER. As you know, this is a field in which we have a paucity of talent. It is a field in which we are dependent in all of our programs upon the quality of local administration and therefore we feel very strongly that it is necessary to improve the quality of this local administration.

However, in doing this, this program would be a grant program to the States which the States would administer. They would present to us a statewide program indicating which of the State institutions, public or private, would be involved, and what the program would be.

We would then approve it. Of course, we would have to go through the usual administrative techniques of checking on the financing and otherwise, but this is a State-directed program which is paid for 50-50, by matching grants from the Federal Government. For this purpose we are requesting an appropriation of \$5 million for the training program and \$75,000 for the administration connected therewith.

## DIFFERENTIATION FROM ANTIPOVERTY PROGRAM

Senator ELLENDER. Doesn't this come under the Economic Opportunity Act, or is it to be worked in conjunction with it?

Mr. WEAVER. This is a separate activity, sir.

Senator ELLENDER. Because we have in the act—they call it the Poverty Act, but it is given a new name now—training programs to be done by the State and the Federal Government on a cooperative basis.

Mr. WEAVER. I think there, they are looking at the training from the point of view of people who are undertrained or not adequately trained to get jobs.

Senator ELLENDER. That is the purpose of this new Opportunity Act.

Mr. WEAVER. But this is not our purpose here. Our purpose is to take first those people who are already engaged in these programs and improve their qualifications and their training.

## PROGRAM ADMINISTRATION

Senator ELLENDER. How would they do that now? Are you going to pay them to learn?

Mr. WEAVER. No.

Senator ELLENDER. How will that be operated?

Mr. WEAVER. The State will set up a program for doing this, according to certain criteria that we would establish, and it would then



decide where it was going to do this and how it was going to do this. We would review their submissions. We would indicate, however, the areas in which the program would operate according to the statutes, and we would indicate the purposes of the program; but the States would determine where this would be done.

In some instances it would be done in a university. In some instances it might be done with an institute which was particularly qualified to do this sort of thing.

Senator ELLENDER. Is it the idea or the plan that persons who are now in training will get more training at such institutions? Will they be selected?

Mr. WEAVER. Right.

Senator ELLENDER. And will they receive a stipend to go to school?

Mr. WEAVER. No; not necessarily.

#### USE OF APPROPRIATED FUNDS

Senator ELLENDER. How will you use this \$5,075,000?

Mr. WEAVER. It would be used, I think, in several ways. For example, one of the big problems we have in this whole area is building code enforcement, as you know, and it is a very ticklish operation, one which I feel very strongly has to be a locally controlled operation.

Senator ELLENDER. A lot of politics there too.

Mr. WEAVER. Yes, sir; but getting qualified people in this field is very difficult. What we would want to do is two things here.

First, we would want to take the people who are already in this particular activity and provide a training program for them which the States would operate in which we would pay a part of the operational cost.

Second, we would want to provide training—and here there might be a stipend, or scholarship, or fellowship involved—for people who had not yet gone into that field but who would be prepared to go into that field when they completed their training.

#### PAYMENT OF STIPEND

Senator ELLENDER. As to those who have a smattering of it and who have been working at it, would you give them a stipend?

Mr. WEAVER. The law says to carry out programs to train people in essential technical and professional skills who are, or are likely to be, employed by a governmental or public body which has responsibility for community development.

I would think that this would be determined by the nature of the particular case and by the individual. I can conceive of many instances where there would be no stipend and I can conceive of some instances where there might be one. This would be a part of the plan that would come in from the State.

Senator SALTONSTALL. Mr. Chairman, are you through, sir?

Senator ELLENDER. No, however, if this sum is not used mostly for that purpose what else will it be used for? What other fields?

Mr. WEAVER. What other fields?

Senator ELLENDER. Yes.

## TRAINING PROGRAM

Mr. WEAVER. Planning, people who would be administering local programs, urban renewal, relocation specialists, fiscal specialists in our various programs, all of the professional people that would be needed.

In addition to that there would be some small amount of studies carried out by the States which we feel would be significant to these programs.

Senator ELLENDER. Then you have it correctly earmarked when you say that it is a training program.

Mr. WEAVER. Yes, sir.

Senator ELLENDER. And that will be done either through colleges or such methods as may be determined by the State and then reviewed by you.

Mr. WEAVER. That is right and they will prepare the program on a matching basis.

Senator ELLENDER. Senator Saltonstall, will you proceed?

## NEED FOR CHANGE IN LANGUAGE

Mr. WEAVER. Just one other thing. There is one technical point that I think I should call to your attention after consultation with the Bureau of the Budget. There is a need for a technical change in the appropriation language for this item.

The bill authorizes funds to be appropriated for this purpose without fiscal year limitation. However, the phrase "to remain available until expended" was inadvertently omitted from the language as submitted and I would hope, therefore, that this could be inserted at the appropriate place. This is set forth on page 6 of my statement. It is authorized in the basic legislation.

Senator ELLENDER. Why do you want it now?

Mr. WEAVER. Inadvertently they left it out in the presentation.

Senator ELLENDER. It is in the authorizing legislation.

Mr. FRANTZ. Yes, sir. The words should have been in the appropriation language.

Senator ELLENDER. If it is in the authorization bill I think it is perfectly proper.

## BACKLOG OF APPLICATIONS FOR GRANTS

Senator SALTONSTALL. I would just like to ask this question of Mr. Weaver: This Federal-State training requires the matching of grants by the States. How many have you received?

Mr. WEAVER. We haven't received any because this is a brandnew program.

Senator SALTONSTALL. It is a brandnew program. Well; it has been authorized, hasn't it?

Mr. WEAVER. No; it is in conference.

Senator SALTONSTALL. That is still in conference?

Mr. WEAVER. Still in conference; yes, sir. However, let me say this: This was set forth in the President's message on housing and community development and, of course, it was set forth in the legislation which represented the administration's bill.

We did get quite a bit of correspondence from institutions and from State governments expressing an interest in this and, of course, we said then we could not go ahead any further until now.

Senator SALTONSTALL. This is going to be the training of the individuals?

Mr. WEAVER. Yes, sir.

Senator SALTONSTALL. At institutions or colleges?

Mr. WEAVER. Yes, sir.

Senator SALTONSTALL. So if the Federal Government puts in, we will say, \$100, the State has to put in \$100 too?

Mr. WEAVER. Yes, sir.

#### SELECTION OF INSTITUTION

Senator SALTONSTALL. Who is going to select the institution?

Mr. WEAVER. The State.

Senator SALTONSTALL. Do you have to approve it?

Mr. WEAVER. They will present us a program indicating what they want to do. We will set up certain criteria, answering some of the questions that the chairman asked, as to what areas, and so forth. They will then set up a program indicating what they intend to do and where they intend to do it, how they intend to do it, and how much it is going to cost, and we will approve that and/or we will negotiate it out. But it will be their determinations, not ours.

Senator ELLENDER. Do you think Harvard would qualify?

Mr. WEAVER. It wouldn't qualify directly because it would have to come through the State. Both the Senator and I happen to have some interest in that.

Senator ELLENDER. I didn't think they applied themselves to such things as housing.

Senator SALTONSTALL. Mr. Chairman, I put up with this day in and day out, but Harvard does pretty well.

Mr. WEAVER. I didn't want to be chauvinistic, sir.

Senator SALTONSTALL. Are you through, Senator?

Senator ELLENDER. Yes.

#### ITEMS CARRIED OVER FROM ORIGINAL BUDGET

Senator SALTONSTALL. On these substantial amounts—you told us that before you have testified to the \$22,650,000; the \$15 million; the \$2,500,000; and the \$12 million—you have testified to them before?

Mr. WEAVER. Yes, sir. There is only one chink. In our original testimony for item 3, we asked for \$5 million. We now reduce that to \$2,500,000.

Senator SALTONSTALL. That is the question I tried to bring out. This is now the last of August. This bill will probably not become law until sometime in the middle of September. Do you need these amounts in this fiscal year?

Mr. WEAVER. Yes, sir. In all of the other programs we need it and we believe we will have no difficulty in obtaining it. However, we would not be able to absorb it in item 3, so, therefore, we cut that.



## CONTINUING PROGRAMS

Mr. FRANTZ. These are not new programs. They are continuing programs in which we already have substantial backlogs of applications that have built up awaiting the availability of additional funds.

Senator SALTONSTALL. Under the bill that would become law?

Mr. FRANTZ. Yes, sir.

Senator SALTONSTALL. In other words, the program that is in existence.

Mr. FRANTZ. That is correct.

Senator SALTONSTALL. And there are new limits in this new law; is that correct?

Mr. WEAVER. No, sir; there is just authorization.

Senator SALTONSTALL. Increase in authorization.

Mr. WEAVER. Same program, but an increase in authorization.

Senator SALTONSTALL. Are these funds available until expended—no other funds—in other words?

Mr. FRANTZ. They are in all cases except the low-income demonstration grants which, heretofore, had been appropriated on an annual basis.

The other three are available until expended.

Senator SALTONSTALL. So that really what you are telling us is that you need this money for the extension of this program if this bill becomes law?

Mr. FRANTZ. That is right.

Senator SALTONSTALL. That is the bill that Mr. Sparkman is handling in the Senate.

Mr. FRANTZ. That is correct.

Senator SALTONSTALL. Thank you.

Thank you, Mr. Chairman.

Senator ELLENDER. All right.

Mr. WEAVER. Only two more items, sir.

(The justification follows:)

## OFFICE OF THE ADMINISTRATOR

## LOANS FOR ADVANCE ACQUISITION OF LAND FOR PUBLIC IMPROVEMENT PURPOSES

Authorization language:

*"LIMITATION ON ADMINISTRATIVE EXPENSES, OFFICE OF THE ADMINISTRATOR, PUBLIC FACILITY LOANS*

*"In addition to the amount otherwise available for administrative expenses in connection with loans from the revolving fund established pursuant to title II of the Housing Amendments of 1955, as amended, \$100,000 shall be available for such expenses during the current fiscal year: Provided, That this paragraph shall be effective only upon the enactment into law of S. 3049, Eighty-eighth Congress."*

*Summary*

Available, Independent Offices Appropriation Act, 1965, for public facility loans.....	\$1,220,000
Supplemental, H. Doc. 346, for new program of loans for advance acquisition of land for public improvement purposes (S. 3049, 88th Cong.).....	100,000
<b>Total authorization.....</b>	<b>1,320,000</b>

## JUSTIFICATION

Section 402 of S. 3049, as passed by the Senate, would authorize the Housing and Home Finance Administrator to extend financial assistance to communities to finance the acquisition of open or predominantly undeveloped land planned to be utilized in connection with the future construction of public works and facilities.

Loans could be provided to purchase the land outright or to acquire some lesser interest, such as an easement, right-of-way, air rights, development rights, or options. The loan could cover the total cost of acquiring the interest in land including necessary expenditures incidental to the acquisition of the interest acquired in the land. The maximum maturity of a loan made under this section would be 15 years. The Administrator would be authorized to postpone the payment of principal and interest on a loan, but the entire principal and interest would have to be repaid within the maximum 15-year period. It is expected that the majority of loans would be for a shorter period than 15 years. Every loan would be required to be repaid no later than the time that construction is begun on the public work or facility for which the land is acquired. Generally, the land for which the loan is made would be needed for a public work or facility already slated to be constructed and provided for in a community's capital improvement program or budget covering the next 5 or 6 years.

These loans would have to be reasonably secured and bear interest at the rate now prescribed by the statutory formula in the public facility loans program (currently 4 percent). Any interest deferred would accrue and be compounded semiannually.

No loan could be made to finance the acquisition of such land unless the public work or facility for which the land is to be utilized is planned to be constructed within a reasonable period of time and construction of the public work or facility will contribute to economy, efficiency, and the comprehensively planned development of the area. The existing population limits in the public facility loan program would not be applicable to loans for advance acquisition of land.

To qualify for a loan a community will have to be engaged in comprehensive planning appropriate to its size and location. Larger urban areas and communities experiencing rapid growth would have to be actively engaged in comprehensive planning for the development of the entire urban area. The public work or facility for which the advance acquisition of land is to be made would have to be consistent with a communitywide and areawide system of such facilities.

In smaller isolated communities it will not be necessary that the entire urban planning process be underway. For such places, it would be enough to have a clear indication that the community had examined its probable future size, public facility needs, and financial capacity and that the proposed facility would be an efficient element in its efforts to meet its future needs. In addition, to the extent that there is an overall plan for the development of the community, the public work or facility for which advance acquisition of land is to be made will have to be consistent with the existing overall plan.

Federal loans for advance acquisition of land would serve as a supplementary source of funds for communities which are growing and want to undertake advance acquisition of land, but do not yet have sufficient borrowing capacity and established credit ratings. The postponement of principal and interest payments, where appropriate, will enhance the utility of this program to communities that are in growth stages.

The cost of land acquisition for a water supply or sewage disposal system generally runs about 5 to 10 percent of project development cost. Thus, for an addition to a water system costing \$3 million, the land acquisition cost might range between \$150,000 and \$300,000. For public buildings such as libraries or public office buildings, the land cost generally amounts to around 10 percent of the total development cost. Thus, for a building with a prospective aggregate cost of \$1 million the land acquisition cost might amount to \$100,000.

Considering that advance land acquisition loans may be made to any size city without regard to population limits, it is conceivable that Federal loan assistance might be needed for these larger size projects. On the other hand, smaller size communities having less accessibility to the capital market on reasonable terms might find greater need for the Federal loan assistance, particularly where the advance land acquisition loan is to be secured by other than a general obliga-

tion pledge. All told, the total volume of land acquisition loans might be expected to amount to \$25 million for fiscal year 1965 and may involve about 200 loans.

To process these loans, it will be necessary to increase the HHFA staff, especially in the regional offices, by at least 20 persons, which would require an increase in the Agency's administrative budget for the public facility loan program by \$100,000.

These people would be needed to develop necessary rules, regulations, contract forms, and similar documents; meet with applicants and potential applicants to explain the program and the requirements for participating in it; and review preliminary and final applications for loans, together with their supporting documents. The latter will involve many new and difficult legal problems, as well as financial analysis of the loan from the standpoint of its security, review of appraisals to establish approvable loan values, and verification of the relationship between the project proposed and the planning requirements of the statute.

Details of the positions and of estimated costs by objects of expense are set forth in the tables on the following pages.

*Advance acquisition of land for public improvement, estimate fiscal year 1965*

June 30 employment-----	20
Obligations: Personal services-----	\$86,500
Other objects:	
21 Travel and transportation of persons-----	4,000
22 Transportation of things-----	500
23 Rent, communications, and utilities-----	4,000
24 Printing and reproduction-----	1,000
25 Other services-----	1,000
26 Supplies and materials-----	1,000
31 Equipment-----	2,000
Total obligations-----	100,000

*Proposed staffing by grade and title*

Grade and title	Number	Total annual salary
<b>Departmental:</b>		
GS-14. Advance acquisition program officer-----	1	\$13,615
GS-13. Attorney-----	1	11,725
GS- 5. Secretary-----	1	4,690
Subtotal, departmental-----	3	30,030
<b>Regional offices:</b>		
GS-12. Real estate specialists-----	6	59,880
GS-11. Attorneys-----	6	50,460
GS- 4. Secretary-stenographers-----	5	21,075
Subtotal, regional offices-----	17	131,415
Total-----	20	161,445
Net personal services-----		86,500

**ADVANCE ACQUISITION OF LAND**

Mr. WEAVER. The third item is a program for the advance acquisition, or the advance optioning, or in some way getting control of land which will be used in the future for a public purpose.

In other words, if there is a community that knows it is going to have to build a school 5 years from now and the site of that school is now open land, and it is now land valued at, say \$2,000 or \$3,000 an acre, this would permit them to get loans of public facility funds and option that land or buy that land at its present low cost. There would



be deferred payments of amortization up to 15 years so that they would be able to buy the land at a reasonable price now before maybe somebody built a house on it and you had to pay \$40,000 an acre for it. Here there is no appropriation for the program necessary, but we are asking for \$100,000 for administration and 20 people.

Senator ELLENDER. Why do you have to have that in advance of obtaining the money? Do you have funds?

Mr. WEAVER. Public facility loan funds would be used for this purpose, which we already have. We do not have administrative money. This is only administrative money.

Mr. FRANTZ. These loans would be made out of the existing public facility loan revolving fund.

#### PERSONNEL

Senator SALTONSTALL. Could you hire all of those people during the remainder of the current fiscal year? We run into that problem all the time.

Mr. WEAVER. Yes, sir; we think we can.

Senator SALTONSTALL. What type of men will they be?

Mr. WEAVER. These are going to be rather specialized men, largely men who are rather sophisticated in land purchase, and land optioning, and that type of thing in the field and also men with the same type of background in Washington to set the criteria.

Senator SALTONSTALL. And this is going to be on a loan basis, not a grant?

Mr. WEAVER. Yes, sir. We don't think it will cost anything.

Senator ELLENDER. Where will these 20 be located? In Washington?

Mr. WEAVER. No, sir; most of them will be located in the field where these projects will be coming in.

Mr. FRANTZ. There is a detailed justification of that on page H-5 of the justification.

#### FEDERAL NATIONAL MORTGAGE ASSOCIATION

Senator ELLENDER. All right, your fourth one now, Federal National Mortgage Association.

(The justifications follow:)

#### HOUSING AND HOME FINANCE AGENCY

Authorization language:

#### "FEDERAL NATIONAL MORTGAGE ASSOCIATION

#### "LIMITATION ON ADMINISTRATIVE EXPENSE, FEDERAL NATIONAL MORTGAGE ASSOCIATION

*"In addition to the amount otherwise available for administrative expenses of the Federal National Mortgage Association for the current fiscal year, not to exceed \$100,000 shall be available for such expenses: Provided, That this paragraph shall be effective only upon the enactment into law of S. 3049, Eighty-eighth Congress."*

#### Summary

Available, Independent Offices Appropriation Act, 1965-----	\$8,500,000
Supplemental, H. Doc. No. 346, to carry out new program authorized by sec. 601 (proposed) of the Housing Act of 1964 (S. 3049, 88th Cong-----	100,000
Revised authorization-----	8,600,000

## JUSTIFICATION

The only activity to date has been that concerned with planning for the program. It is contemplated that the program operations will begin in September 1964.

*Legislative background*

Section 601 (proposed) of the Housing Act of 1964 (S. 3049, 88th Cong.), will vest fiduciary powers in the Federal National Mortgage Association in order to facilitate the financing of its own and other mortgages through the sale to private investors of beneficial interests, or "participations," in such mortgages. These powers are to be exercised under the management and liquidating functions of the Association.

*Purpose of program*

The purpose of the program for sale of participation in mortgages is to permit the substitution of funds of private investors for Federal Treasury financing of the special assistance functions and management and liquidating functions of FNMA. This program is expected to encourage new sources of private funds to invest in interests in Government-held mortgages and avoids the necessity for selling those mortgages at a loss to attract private capital. Such a program will have a less adverse effect on the mortgage market than the sale of an equal amount of mortgages.

The program contemplates that, under trust indenture, an amount of FNMA, government-owned mortgages and VA direct loans and vendee accounts would be pooled. FNMA, as trustee with fiduciary powers, through its established facilities and contacts in the private money market, would sell to private investors participations in the interest and principal payments to be derived from the pooled mortgages.

*Budgetary effect*

Proceeds from sales of participations will constitute budgetary receipts. It is estimated that sales of participations in fiscal year 1965 will amount to \$300 million, of which \$200 million will be applicable to FNMA mortgages and will be used to repay borrowings from the Treasury. The remaining \$100 million will be applicable to VA loans and vendee accounts and will be paid into the appropriate revolving funds.

*Administrative expenses*

Staff required for sale of participation certificates against pools of mortgages owned by FNMA and VA.

	GS grade	Number	Annual salary
Special assistant for program.....	14	1	\$17,215
Administrative assistant for program.....	13	1	14,035
Attorney advisers.....	13	2	24,220
Accounting technicians.....	7	12	77,340
Secretaries.....	5	3	15,030
Clerk-typist.....	4	4	18,260
Total personnel.....		23	166,100
Average number and cost of employees.....		15.6	119,000

The increased employment would be in the Controller's division of the FNMA agency offices in the field and the three principal operating divisions in the Washington office—the loan division, the Controller's division, and the Secretary-Treasurer's division. The functions of this staff would be as follows:

To administer the program; to establish systems and procedures; to conduct legal work and research designed to initiate the trust indenture; and facilitate the acceptance of the participation certificates as legal investment of financial institutions in the various jurisdictions.

To maintain records and control accounts for mortgage pools and participation certificates. Summarize and report mortgage pool activity; analyze reports of VA mortgage activity and participation certificates. Analyze collections, income, expenses; develop accruals; prepare for certificate maturities. Prepare accounting and reports for mortgages and participation certificate holders.

The following table compares, by object, the amount currently requested with that which would be provided under the proposed supplemental authorization.

*Supplemental estimate, fiscal year 1965*

June 30 employment-----	23
Obligations: 11 Personal services-----	\$119, 000
Other objects:	
21 Travel and transportation of persons-----	10, 000
23 Rent, communication, and utilities-----	18, 000
24 Printing and reproduction-----	1, 500
26 Supplies and materials-----	1, 500
Less reimbursement by Veterans' Administration-----	-50, 000
Total obligations-----	100, 000

MORTGAGE PARTICIPATION POOL

Mr. WEAVER. I will let Mr. Baughman, who administers that program, speak to that.

Mr. BAUGHMAN. The proposed legislation is vesting fiduciary powers in the Association which will enable it to dispose of Government assets through the sale of the participation certificates or certificates of beneficial interest. It enables the Association to liquidate some of its assets through this method.

In other words, we will establish a pool of mortgages, including FHA and VA guaranteed mortgages, part of which will come out of the Federal National Mortgage Association portfolio and part from the Veterans' Administration portfolio.

We will act as trustee and against that pool of mortgages we will sell certificates of beneficial interest and they will mature over the next 10 years. In other words, the repayments on these particular mortgages in the pool will mature each year and there will be sufficient repayments to enable us to retire a certain portion of these certificates of beneficial interest each year for the next 10 years.

Senator ELLENDER. Will the Association collect these or will it be done through the bank?

Mr. BAUGHMAN. The Federal National Mortgage Association will, as trustee, make these collections, keep an account, make an accounting, and also receive and disburse all the funds.

NEED FOR ADDITIONAL PERSONNEL

Senator ELLENDER. Why can't you do that with the present force?

Mr. BAUGHMAN. It is an additional function that we are taking on. It is added to what we already do. That is the reason we are asking for some people to do it.

Senator ELLENDER. How many will that entail?

Mr. BAUGHMAN. The justification names 23 people, but only 15 man-years I think for the fiscal year 1965.

Mr. WEAVER. We will also be performing a similar function for VA.

Mr. BAUGHMAN. Yes, sir. VA will put its mortgages in the pool.

Mr. WEAVER. The result will be, we will be substituting private money for public funds.



## VA PARTICIPATION

Senator ELLENDER. I understand. Is VA participating in this?

Mr. BAUGHMAN. VA will set aside a given number of mortgages and we will render an accounting on that particular group of mortgages.

Senator ELLENDER. Whatever moneys are necessary to do what you now propose to do will be taken out as an expense and won't be from the Federal Treasury.

Mr. BAUGHMAN. That is correct, it will be an expense of conducting the operation.

Senator ELLENDER. Any further questions?

## LIQUIDATION OF MORTGAGE INVESTMENT

Senator SALTONSTALL. Yes. We had this in the VA program, as I recall it, Mr. Weaver, and there are a great many more mortgages being turned over now, are there not?

Mr. BAUGHMAN. Foreclosed?

Senator SALTONSTALL. Two ways. They are being foreclosed and they are also being sold to private investors, are they not?

Mr. BAUGHMAN. Yes.

Senator SALTONSTALL. A very substantial increase, but a very substantial increase in foreclosures.

Mr. BAUGHMAN. Yes; both ways.

Senator SALTONSTALL. How does this come into this request for additional people?

Mr. BAUGHMAN. This is relatively small compared to the total portfolio of the Veterans' Administration. They have a direct loan portfolio of approximately \$1,300 million and they have a vendee account program of approximately \$400 million.

We only expect to take out of the VA on this particular project and include \$100 million in the pool and \$200 million of Federal National Mortgage Association mortgages. This is relatively small, so it won't interfere with what they do in the sale of their mortgages.

Senator SALTONSTALL. What you are trying to do is stimulate? Is that what these new people will do, stimulate the sale?

## OPERATION OF PARTICIPATION POOLS

Mr. BAUGHMAN. What we are attempting to do is substitute private money for Treasury financing.

Senator SALTONSTALL. I understand that, but why do you need new people to do it?

Mr. BAUGHMAN. Because we are establishing this trusteeship which we have to conduct an account for.

Senator SALTONSTALL. What is the trusteeship?

Mr. BAUGHMAN. The pool of mortgages, partly Federal National Mortgage Association mortgages of \$200 million or more and \$100 million or more of Veterans' Administration mortgages which will be put into the pool. We will have the accounting for them.

Senator SALTONSTALL. I still don't understand. I am sorry. This isn't a complete sale then?

Mr. BAUGHMAN. It is sale of an interest in the mortgage through these certificates.

Senator SALTONSTALL. In other words, you are going to put up a pool of say, \$300 million worth of mortgages.

Mr. BAUGHMAN. \$300 million or more.

Senator SALTONSTALL. And try to sell those to some banks or private investors.

#### CERTIFICATES OF BENEFICIAL INTEREST

Mr. BAUGHMAN. Selling certificates which are backed up by the mortgages in the pool to the investor.

Senator SALTONSTALL. So this would be a pool of \$300 million and in which the Government would have an interest?

Mr. BAUGHMAN. No; the trustee. The Government would get money for it.

Senator SALTONSTALL. Would the Government be the sole trustee?

Mr. BAUGHMAN. The Federal National Mortgage Association, which is a Government instrumentality.

Senator SALTONSTALL. Assume some insurance company or something like that buys into this pool. Suppose you have three insurance companies and they each buy \$100 million. Do they have any member as a trustee?

Mr. BAUGHMAN. No.

Senator SALTONSTALL. They have no representation?

Mr. BAUGHMAN. No.

Senator SALTONSTALL. But do they get title to the mortgage?

Mr. BAUGHMAN. No; they only get the certificates of beneficial interest, which are to be guaranteed by the Federal National Mortgage Association.

#### DUTIES OF REQUESTED PERSONNEL

Senator SALTONSTALL. These additional people would do what? Are they the administration, so to speak, the people who see that the mortgages are kept up, and the interest is paid, and the O. & M. on the properties and so on?

Mr. BAUGHMAN. Yes; a great portion of them will be in the accounting end of it to keep account of the records and so forth. We also have the marketing problem of these certificates. We also had to prepare a brochure and go out and establish some marketplace for these certificates.

Senator SALTONSTALL. If one mortgage, for instance, out of these \$300 million went bad who would be responsible for foreclosing on that property?

Mr. BAUGHMAN. We are contemplating and making provision for the substitution or having a sufficient number of mortgages in the pool so that the outstanding certificates of beneficial interest shall never exceed 80 percent of the mortgages in the pool to back up those certificates.

Senator SALTONSTALL. The Government would make a report to these people holding the certificates?

Mr. BAUGHMAN. Yes, sir.

Senator SALTONSTALL. How often?

## YEARLY ACCOUNTING OF TRUSTEESHIP

Mr. BAUGHMAN. I would say probably a yearly accounting of this particular trusteeship.

Senator SALTONSTALL. Just a year?

Mr. BAUGHMAN. Yes, sir.

Senator SALTONSTALL. That is enough?

Mr. BAUGHMAN. I think so. We haven't had it worked out. If they want it more often we will be glad to do it.

Senator SALTONSTALL. This is a new service?

Mr. BAUGHMAN. It is a new program for the liquidation of the mortgages owned by the Government.

Senator ELLENDER. What you are doing here is instead of selling the mortgages direct you use all the mortgages as collateral for the certificates you issue.

Mr. BAUGHMAN. That is correct. There might be one advantage in it. Rather than pouring mortgages on the market and selling them at a discount, you might sell the certificates without having to realize the discounts of the mortgages.

## RATE OF INTEREST AND MATURITY OF CERTIFICATES

Senator ELLENDER. Will these certificates bear the same rate of interest as the mortgage or allow for expenses to be withdrawn?

Mr. BAUGHMAN. We hope that we will have in the pool sufficient income within the pool to pay the interest on the certificates. These certificates will bear different rates of interest.

In other words, the ones that mature in a year will have one rate and one for 2 years, 6 years, 7 years, 8 years, whatever it happens to be. Back of that we will have an income from the mortgages sufficient to make payments on them.

Senator ELLENDER. Your certificates will not necessarily be the 1-year duration type, then?

Mr. BAUGHMAN. It is hoped that we will have some mature in 1 year, 2 years, 3 years, up to 10 years, because our repayments will come in and we will be able to use the money that comes in at that time.

Senator ELLENDER. At normally your percentage rate of interest.

Mr. BAUGHMAN. That is correct.

## MORTGAGE SERVICING

Senator SALTONSTALL. Who is servicing these mortgages now?

Mr. BAUGHMAN. We have them serviced by private banks and other servicing organizations.

Senator SALTONSTALL. I don't mean under this new system. Who is servicing the Government mortgages now?

Mr. BAUGHMAN. The Federal National Mortgage Association mortgages are serviced by private people and the Veterans' Administration mortgages are being serviced by the Veterans' Administration.

Senator SALTONSTALL. This is a new responsibility then for your administration.

Mr. BAUGHMAN. Yes, sir; entirely.

Senator SALTONSTALL. And you are taking it over from the VA and taking it over from the Fannie Mae.



Mr. BAUGHMAN. Well, we are absorbing this particular function, that is correct.

Senator SALTONSTALL. So whose responsibility will it be to build up these \$300 million worth of mortgages?

Mr. BAUGHMAN. Fannie Mae's.

Senator SALTONSTALL. So Fannie Mae will turn over to you \$300 million worth of mortgages?

Mr. WEAVER. He is Fannie Mae, sir. He is the President of Fannie Mae.

Senator SALTONSTALL. Well, you are Fannie Mae and you will build up these \$300 million worth and say to Mr. Weaver, "Here is \$300 million worth of mortgages owned by Fannie Mae. Now you find the purchaser for the certificates." Is that right?

Mr. BAUGHMAN. Mr. Weaver will tell us to do that.

Mr. WEAVER. He will tell me and I will tell him to do what he told me to do. He administers this function. He is the President of the Corporation. I am Chairman of the Board.

Senator ELLENDER. It is a family affair.

Senator SALTONSTALL. Off the record.

(There was discussion off the record.)

#### COMPARISON WITH CAPEHART PROGRAM

Mr. SEMER. There are two instrumentalities. Here is one way to distinguish it from the Capehart program. In that program you had an FHA insured mortgage, you had the military which was involved in the indemnifying, you had Fannie Mae, and in turn the Housing and Home Finance Agency. In this program the FHA has already done its work. It is out of it. Fannie Mae has its mortgages and the military is nowhere in sight.

Mr. WEAVER. The bill I think clearly puts the responsibility on me.

Senator SALTONSTALL. Mr. Chairman, I have no more questions.

Senator ELLENDER. As a matter of fact, in answer to a question that I propounded to you awhile ago this trustee will do what the banks used to do, that is, collect these?

#### FUNCTION OF TRUSTEES

Mr. BAUGHMAN. A similar function, that's right.

Senator ELLENDER. You pay the banks I presume a small fee to make a collection.

Mr. BAUGHMAN. Yes, we do with our mortgages. We pay one-half point service fee.

Senator ELLENDER. So that you are going to do in this trusteeship what the banks do and the responsibility will remain the same. Uncle Sam will back a mortgage loan just as he does now. That has nothing changed has it? So that, whoever manages it, the responsibility will be the same as far as our Government is concerned.

Senator SALTONSTALL. Well, I don't want to delay, but in this instance, as I understand it, the Government has sold certificates and you are the trustee for those certificates.

Therefore, you are responsible as a trustee for the beneficial interest which is in the bank.

Mr. BAUGHMAN. Yes, sir.

## SALE OF BAD MORTGAGE

Senator ELLENDER. If you were to sell a bank, let's say, a mortgage and that went sour, there wouldn't be much difference between one going sour in the trusteeship. You would have to make it up some way, wouldn't you?

Mr. BAUGHMAN. Of course, if you sell a mortgage you are relieved of any responsibility.

Senator ELLENDER. No, no, but Uncle Sam is responsible.

Senator SALTONSTALL. No. Uncle Sam may be guaranteeing a certain extent.

Senator ELLENDER. Yes.

Senator SALTONSTALL. But a bank who pays that mortgage is the loser if the mortgage goes bad.

Mr. BAUGHMAN. Yes.

Senator SALTONSTALL. And in this instance the bank should not be the loser because if a mortgage goes bad, then it is the responsibility of the Government to see that another mortgage is paid.

Mr. BAUGHMAN. Yes.

Senator SALTONSTALL. There is that difference.

Mr. FRANTZ. These certificates do not bear a Government guarantee as such. They are backed by the mortgages.

Senator ELLENDER. By the mortgages?

Mr. FRANTZ. Right.

Senator ELLENDER. I am glad that Senator Saltonstall went further into the matter. I thought all of these VA mortgages were backed by the Government.

Mr. BAUGHMAN. They are guaranteed by the Veterans' Administration and they are insured by the Federal Housing Administration, which is an arm of the Government, but not the Government itself.

Senator ELLENDER. I know, but they are a Government agency. Let's not be technical now. It is Government agencies concerned here. We would have to provide the money some way to make up for losses should losses be sustained, wouldn't we?

Mr. BAUGHMAN. Technically.

Senator ELLENDER. I am sure I am right.

Anything else?

Thank you very much.

Mr. WEAVER. Thank you.





# SELECTIVE SERVICE SYSTEM

## SALARIES AND EXPENSES

STATEMENT OF LT. GEN. LEWIS B. HERSHEY, DIRECTOR; ACCOMPANIED BY COL. WILLIAM S. ILIFF, JR., ASSISTANT TO THE DIRECTOR; AND COL. BERNARD T. FRANCK III, CHIEF LEGISLATIVE AND LIAISON OFFICER

BUDGET REQUEST, 1965

Senator ELLENDER. General Hershey.

General HERSHEY. Yes, sir.

Senator ELLENDER. Next is a request from Selective Service System, contained in House Document No. 343, for \$11,375,000 additional, for classifying all new 18-year-old registrants for forwarding them for examination.

The justifications will be placed in the record at this point. We will now hear from General Hershey.

(The justifications referred to follow:)

### REGISTRATION, CLASSIFICATION, AND INDUCTION

*Project 30*

The basic work in connection with the conservation program will be performed at the local board level of this agency's organization. There are over 4,000 local boards which are presently taxed to the limit to keep up with the ordinary functions of the agency. To assume an additional function, such as one with the magnitude of the manpower conservation program, will require major increases in most every object of expenditure as shown by the preceding schedule.

There follows a breakdown by function of the man-years of additional employment required. Unit costs and average salary rates are the same as used in the 1965 original budget estimate.

Function	Work units	Unit cost	Cost	Man-years
Classification actions.....	1,250,000	1.187	\$1,483,750	342.35
Appeals.....	1,000	21.476	21,476	4.96
Physical examination at local boards.....	143,000	1.829	261,247	60.35
Physical examination at examining stations.....	932,000	2.113	1,969,048	454.25
Referrals to various programs.....	235,000	.449	105,515	24.34
Furnishing copies of records.....	94,000	.449	42,206	9.73
Inquiries.....	727,225	.353	256,710	59.23
Administrative time.....			827,945	191.03
Total.....			4,967,897	1,146.24
Personnel benefits.....			347,753	
Total.....			5,315,650	

Personnel costs for the sample inventory study are included to the extent of \$192,000. This will be used by increasing hours of part-time employees and overtime for full-time employees.

Additional travel is required to the extent of \$100,000 to take care of the travel of supervisory clerks in setting up the manpower conservation program.

The 932,000 18-year-old registrants to be forwarded to the Armed Forces examining stations will require round trip transportation at \$4.26 per registrant. This accounts for the \$3,970,320 additional selectee travel requested.

*Summary of objective classification, Project 40*

	Presently available, 1965 estimate	Revised, 1965 estimate	Increase, 1965 estimate
11 Personnel compensation:			
Permanent positions.....	\$7,720	\$7,720	
Positions other than permanent.....	19,850	19,850	
Other personnel compensation.....	30	30	
Total personnel compensation.....	27,600	27,600	
12 Personnel benefits:			
Civil service retirement contributions.....	500	500	
Group life insurance contributions.....	50	50	
Federal Insurance Contributions Act taxes.....	200	200	
Health benefits contributions.....	100	100	
21 Travel and transportation of persons: Administrative travel.....	8,000	8,000	
23 Rent, communications, and utilities:			
Communication services.....	600	600	
Penalty mail.....	150	150	
24 Printing and reproduction.....	300	300	
25 Other services.....	100	100	
26 Supplies and materials.....	200	200	
31 Equipment.....	200	200	
Total obligations.....	38,000	38,000	

**SALARIES AND EXPENSES**

*Detail of personnel compensation, Project 40*

	Presently available estimate, 1965		Revised, 1965 estimate		Increase, 1965 estimate	
	Number	Total Salary	Number	Total Salary	Number	Total Salary
Grades and ranges: GS-9. \$7,030 to \$9,100.....	1	\$7,720	1	\$7,720		
Total permanent.....	1	7,720	1	7,720		
Deduct: Lapses.....						
Net permanent (average number, net salary).....	1	7,720	1,	7,720		
Positions other than permanent.....		19,850		19,850		
Other personnel compensation: Regular pay over 52-week base.....		30		30		
Total personnel compensation.....		27,600		27,600		

Summary of objective classification, Project 50

	Presently available, 1965 estimate	Revised, 1965 estimate	Increase, 1965 estimate
11 Personnel compensation:			
Permanent positions.....	\$51,700	\$51,700	-----
Other personnel compensation.....	100	100	-----
Total personnel compensation.....	51,800	51,800	-----
12 Personnel benefits:			
Civil service retirement contributions.....	1,500	1,500	-----
Group life insurance contributions.....	90	90	-----
Federal Insurance Contributions Act taxes.....	880	880	-----
Health benefits contributions.....	180	180	-----
21 Travel and transportation of persons: Administrative travel.....	6,000	6,000	-----
23 Rent, communications, and utilities:			
Communication services.....	500	500	-----
Penalty mail.....	650	650	-----
24 Printing and reproduction.....	100	100	-----
25 Other services.....	100	100	-----
26 Supplies and materials.....	100	100	-----
31 Equipment.....	100	100	-----
Total obligations.....	62,000	62,000	-----

SALARIES AND EXPENSES

Detail of personnel compensation, Project 50

	Presently available 1965 estimate		Revised 1965 estimate		Increase 1965 estimate	
	Number	Total salary	Number	Total salary	Number	Total salary
Grades and ranges:						
GS-15 \$15,865 to \$19,270: Appeal board member.....	3	\$50,085	3	\$50,085	-----	-----
GS-14 \$13,615 to \$17,215: Executive secretary.....	1	14,965	1	14,965	-----	-----
GS-7 \$5,795 to \$7,550.....	1	6,575	1	6,575	-----	-----
GS-5 \$4,690 to \$6,130.....	1	5,810	1	5,810	-----	-----
Total permanent.....	6	77,435	6	77,435	-----	-----
Deduct: Lapses.....	1.5	-25,735	1.5	-25,735	-----	-----
Net permanent (average number, net salary).....	4.5	-51,700	4.5	-51,700	-----	-----
Other personnel compensation: Regular pay above 52-week base.....		100		100	-----	-----
Total personnel compensation.....		51,800		51,800	-----	-----



## Summary of objective classification, Project 30

	Presently available, 1965 estimate	Revised, 1965 estimate	Increase, 1965 estimate
11 Personnel compensation:			
Permanent positions.....	23,158,771	27,319,411	+4,160,640
Positions other than permanent.....	3,789,912	4,661,169	+871,257
Other personnel compensation.....	110,044	238,044	+128,000
Total personnel compensation.....	27,058,727	32,218,624	+5,159,897
12 Personnel benefits:			
Civil service retirement contributions.....	1,560,450	1,857,258	+296,808
Group life insurance contributions.....	76,251	88,593	+12,342
Federal Insurance Contributions Act taxes.....	75,000	88,658	+13,658
Health benefits contributions.....	182,000	210,945	+28,945
21 Travel and transportation of persons:			
Administrative travel.....	485,000	585,000	+100,000
Travel of selectees.....	1,945,000	5,915,320	+3,970,320
Rental of passenger vehicles.....	33,000	43,000	+10,000
22 Transportation of things:			
Freight, express, and drayage.....	50,000	65,000	+15,000
Rental of trucks.....	2,000	3,000	+1,000
Parcel post (penalty indicia).....	45,000	55,000	+10,000
23 Rent, communications, and utilities:			
Communication services.....	525,000	625,000	+100,000
Rents and utilities.....	258,322	299,980	+41,658
Penalty mail.....	631,250	851,622	+220,372
24 Printing and reproduction.....	175,000	225,000	+50,000
25 Other services.....	75,000	75,000	-----
26 Supplies and materials.....	175,000	311,000	+136,000
31 Equipment.....	100,000	250,000	+150,000
Total obligations.....	33,452,000	43,768,000	10,316,000

## SALARIES AND EXPENSES

## Detail of personnel compensation, Project 30

	Presently available, 1965 estimate		Revised, 1965 estimate		Increase, 1965 estimate	
	Num- ber	Total salary	Num- ber	Total salary	Num- ber	Total salary
Grades and ranges:						
GS-11, \$8,410 to \$10,650.....	2	19,900	2	19,900	-----	-----
GS-10, \$7,690 to \$9,985.....	1	8,455	1	8,455	-----	-----
GS-9, \$7,030 to \$9,100.....	11	88,600	11	88,600	-----	-----
GS-8, \$6,390 to \$8,280.....	25	188,940	25	188,940	-----	-----
GS-7, \$5,795 to \$7,550.....	64	446,395	64	446,395	-----	-----
GS-6, \$5,235 to \$6,810.....	25	158,525	25	158,525	-----	-----
GS-5, \$4,690 to \$6,130.....	28	158,011	28	158,011	-----	-----
GS-4, \$4,215 to \$5,475.....	9	45,915	9	45,915	-----	-----
GS-3, \$3,880 to \$4,900.....	7	31,310	7	31,310	-----	-----
GS-2, \$3,620 to \$4,565.....	2	7,975	2	7,975	-----	-----
Ungraded positions at annual rates: Less than \$13,615.....	5,841	25,316,470	6,201	26,876,710	360	+1,560,240
Total permanent.....	6,015	26,470,496	6,375	28,030,736	360	+1,560,240
Deduct lapses.....	-764	-3,311,725	-164	-711,325	600	+2,600,400
Net permanent (average number, net salary).....	5,251	23,158,771	6,211	27,319,411	960	+4,160,640
Positions other than permanent.....	-----	3,789,912	-----	4,661,169	-----	+871,257
Other personnel compensation:						
Regular pay above 52-week base.....	-----	100,544	-----	100,544	-----	-----
Overtime and holiday pay.....	-----	1,500	-----	129,500	-----	+128,000
Cost differentials and cost-of-living allowance.....	-----	8,000	-----	8,000	-----	-----
Total personnel compensation.....	-----	27,058,727	-----	32,218,624	-----	+5,159,897

SELECTIVE SERVICE SYSTEM, JUSTIFICATION OF ESTIMATES, FISCAL YEAR 1965  
SUPPLEMENTAL

## REQUEST FOR SUPPLEMENTAL APPROPRIATION

There is presented herewith justification for the supplemental request of \$11,375,000 for the Selective Service System for the fiscal year 1965. This request for additional funds is occasioned by the implementation of the President's manpower conservation program. The amount requested is intended to cover the cost of the Selective Service System's participation in this human salvage program, the expenditures for which could not be foreseen at the time of preparing the annual budget estimate and, therefore, no provision was included.

The manpower conservation program is to be designed to meet the needs of young men who fail to pass the physical or mental tests given to the registrants of the Selective Service System by the Armed Forces examining stations or who are rejected for further examination by the local boards of the Selective Service System due to obvious deficiencies. Other Federal agencies have been assigned the responsibility of designing the program.

The Selective Service System's function is to select and forward registrants to the Armed Forces examining stations for examination and until September 30, to notify the registrant that a program to help him is available giving him the address of the office of referral where he may secure further information. The referral office is furnished a list of names of those registrants who have been referred to it for an interview. Starting October 1, the agencies of referral will have counselors stationed at the examining stations and the only referrals by Selective Service will be those rejected for obvious defects by local boards without the Armed Forces examination.

The following workload factors are those used in preparation of this request :

*Number of rejectees by group and cause*

	Cause of rejection			
	Mental	Physical	Both	Total
18-year-olds (reaching age 18 in fiscal year 1965).....	200,000	200,000	100,000	500,000
Reaching age 18 (2d half fiscal year 1964) <sup>1</sup> .....	48,000	48,000	24,000	120,000
Subtotal.....	248,000	248,000	124,000	620,000
Regular rejectees:				
Examined fiscal year 1965.....	122,000	122,000	61,000	305,000
Examined 2d half fiscal year 1964 <sup>2</sup> .....	98,000	98,000	49,000	245,000
Examined Jan. 1, 1963, through Jan. 31, 1964.....	213,043	213,043	47,342	473,428
Subtotal.....	433,043	433,043	157,342	1,023,428
Total rejectees.....	681,043	681,043	281,342	1,643,428

<sup>1</sup> Rejections for 4 months only.

<sup>2</sup> Rejections for last 5 months only.

*Derivation of 18-year-old rejectees*

	1965	2d half 1964 <sup>1</sup>
Number 18-year-olds registered.....	2,000,000	500,000
Less number not available for service.....	1,140,000	285,000
Number to be considered for examination.....	860,000	215,000
Less number rejected at local boards.....	115,000	28,000
Number forwarded to AFES for examination.....	745,000	187,000
Number passing examination.....	360,000	95,000
Number rejected at AFES.....	385,000	92,000
Plus number rejected at local boards.....	115,000	28,000
Total number rejected.....	500,000	120,000

<sup>1</sup> Rejections for 4 months only.

It has been estimated that 50 percent of those rejectees referred or interviewed will wish to participate in the conservation program.

The travel of registrants for purposes of this estimate has been limited to one round trip to the Armed Forces examining station. Travel, if required, to the place of participation in the program has not been provided for.

This estimate also includes \$375,000 for the purpose of bringing our sample inventory up to date to furnish the committee in the Department of Defense data they have requested for the study of manpower procurement and selective service. This is a crash program and will be conducted without additional personnel but does involve overtime for present employees.

There is no change in project 40 and project 50.

*Consolidated summary of objective classification*

	Presently available, 1965 estimate	Revised 1965 estimate	Increase, 1965 estimate
11 Personnel compensation:			
Permanent positions:			
Civilian.....	28,153,144	32,530,823	4,377,679
Military.....	3,341,780	3,788,687	446,907
Positions other than permanent.....	3,886,905	4,768,162	871,257
Other personnel compensation.....	162,298	340,352	178,054
Total personnel compensation.....	35,554,127	41,428,024	5,873,897
12 Personnel benefits:			
Civil service retirement contributions.....	1,882,020	2,194,403	312,383
Group life insurance contributions.....	93,121	106,788	13,667
Federal Insurance Contributions Act taxes.....	78,380	92,038	13,658
Health benefits contributions.....	216,580	247,825	31,245
21 Travel and transportation of persons:			
Administrative travel.....	707,000	874,000	167,000
Travel of selectees.....	1,945,000	5,915,320	3,970,320
Rental of passenger vehicles.....	63,000	82,000	19,000
22 Transportation of things:			
Freight, express, and drayage.....	54,500	79,800	25,300
Rental of trucks.....	4,100	5,600	1,500
Parcel post (penalty indicia).....	49,000	59,500	10,500
23 Rent, communications, and utilities:			
Communication services.....	654,100	806,100	152,000
Rents and utilities.....	275,322	316,980	41,658
Penalty mail.....	772,050	1,015,422	243,372
24 Printing and reproduction.....	191,400	251,650	60,250
25 Other services.....	118,200	244,585	126,385
26 Supplies and materials.....	226,800	375,665	148,865
31 Equipment.....	135,300	300,300	165,000
Total obligations.....	43,020,000	54,396,000	11,376,000



## SALARIES AND EXPENSES

*Program and financing*

[In thousands of dollars]

	Presently available, 1965 estimate	Revised, 1965 estimate	Increase, 1965 estimate
<b>Program by activities:</b>			
1. National administration, planning, training, and records management .....	2,045	2,387	+342
2. State administration, planning, training, and records servicing .....	7,425	8,143	+718
3. Registration, classification, and induction .....	33,460	43,776	+10,316
4. National advisory committee on the selection of doctors, dentists, and allied specialists .....	38	38	-----
5. National selective service appeal board .....	62	62	-----
Total program costs, funded <sup>1</sup> .....	43,030	54,406	+11,376
Change in selected resources <sup>2</sup> .....	-10	-10	-----
Total obligations .....	43,020	54,396	+11,376
<b>Financing: New obligational authority .....</b>	<b>43,020</b>	<b>54,396</b>	<b>+11,376</b>
New obligational authority: Appropriation .....	43,020	54,396	+11,376

<sup>1</sup> Includes capital outlay as shown:

Presently available, 1965 estimate .....	150
Revised, 1965 estimate .....	500
Increase, 1965 estimate .....	+165

<sup>2</sup> Selected resources as of June 30, 1964 and 1965:

	1964	1965
Stores .....	109	109
Unpaid undelivered orders .....	128	120
Advances .....	2	-----
Total .....	239	229

*Object classification*

[In thousands of dollars]

	Presently available, 1965 estimate	Revised, 1965 estimate	Increase, 1965 estimate
11 Personnel compensation:			
Permanent positions:			
Civilian.....	28,153	32,531	4,378
Military.....	3,342	3,789	447
Positions other than permanent.....	3,897	4,768	871
Other personnel compensation.....	162	340	178
Total, personnel compensation.....	35,554	41,428	5,874
12 Personnel benefits:			
Civil service retirement contributions.....	1,882	2,194	312
Group life insurance contributions.....	93	107	14
Federal Insurance Contribution Act taxes.....	78	92	14
Health benefits contributions.....	217	248	31
21 Travel and transportation of persons:			
Administrative travel.....	707	874	167
Travel of selectees.....	1,945	5,015	3,070
Payment to interagency motor pool.....	63	82	19
22 Transportation of things:			
Freight, express, and drayage.....	55	80	25
Rental of trucks.....	4	6	2
Parcel post.....	49	60	11
23 Rent, communications, and utilities:			
Communication services.....	654	806	152
Rents and utilities.....	275	317	42
Penalty mail.....	772	1,015	243
24 Printing and reproduction.....	192	252	60
25 Other services.....	118	245	127
26 Supplies and materials.....	237	385	148
31 Equipment.....	135	300	165
Total cost.....	43,030	54,406	11,376
Change in selected resources.....	-10	-10	
Total obligation.....	43,020	54,396	11,376

*Personnel summary*

	1963 actual	1964 estimate	1965 estimate
Total number of permanent positions.....	5,448	5,511	7,586
Full-time equivalent of other positions.....	915	1,001	1,108
Average number of all employees.....	6,251	6,523	9,579
Employees in permanent positions, end of year:			
Civilian employees.....	5,130	5,078	7,064
Military employees.....	249	249	299
Employees in other positions, end of year.....	1,786	1,948	2,216
Average GS grade.....	5.5	5.6	5.5
Average GS salary.....	5,833	6,156	6,137
Average salary of ungraded positions.....	4,239	4,317	4,334

## Detail of personnel compensation

	Presently available, 1965 estimate		Revised, 1965 estimate		Increase, 1965 estimate	
	Number	Total salary	Number	Total salary	Number	Total salary
<b>Grades and ranges:</b>						
Special positions at rates equal to or in excess of \$18,000: Director.....	1	\$20,000	1	\$20,000		
GS-17, \$18,000 to \$20,000: Deputy director.....	1	19,500	1	19,500		
GS-16, \$16,000 to \$18,000: Division chief.....	1	18,000	1	18,000		
GS-15, \$15,665 to \$19,270:						
Appeal board member.....	3	50,085	3	50,085		
Assistant to director.....	4	68,840	4	68,840		
Assistant division chief.....	2	33,905	2	33,905		
Assistant general counsel.....	1	16,695	1	16,695		
Chief legislative and liaison officer.....	1	17,210	1	17,210		
Chief medical officer.....	1	17,210	1	17,210		
Chief planning officer.....	1	17,210	1	17,210		
Division chief.....	5	86,050	5	86,050		
State director.....	18	311,325	18	311,325		
The adjutant.....	1	17,210	1	17,210		
GS-14, \$13,615 to \$17,215:						
Administrative officer.....	13	194,545	13	194,545		
Assistant division chief.....	4	59,860	4	59,860		
Assistant general counsel.....	2	29,930	2	29,930		
Assistant planning officer.....	1	14,965	1	14,965		
Deputy State director.....	16	239,440	16	239,440		
Executive secretary.....	1	14,965	1	14,965		
Field auditors.....	2	29,930	2	29,930		
Historian.....	1	14,515	1	14,515		
Manpower officer.....	2	29,930	2	29,930		
Regional field officer.....	6	89,790	6	89,790		
State director.....	19	289,915	19	289,915		
GS-13, \$11,725 to \$14,805.....	111	1,435,840	137	1,780,730	26	+\$344,890
GS-12, \$9,950 to \$12,620.....	76	835,370	99	1,095,270	23	+\$259,900
GS-11, \$8,410 to \$10,650.....	32	306,080	32	306,080		
GS-10, \$7,690 to \$9,985.....	13	115,525	13	115,525		
GS-9, \$7,030 to \$9,100.....	38	303,710	39	310,740	1	+\$7,030
GS-8, \$6,390 to \$8,280.....	40	300,540	40	300,540		
GS-7, \$5,795 to \$7,550.....	144	1,000,450	145	1,006,245	1	+\$5,795
GS-6, \$5,235 to \$6,810.....	109	687,685	109	687,685		
GS-5, \$4,690 to \$6,130.....	168	942,080	196	1,073,400	28	+\$131,320
GS-4, \$4,215 to \$5,475.....	165	832,125	196	962,790	31	+\$130,665
GS-3, \$3,880 to \$4,900.....	184	822,305	188	837,825	4	+\$15,520
GS-2, \$3,620 to \$4,565.....	61	244,495	61	244,495		
GS-1, \$3,305 to \$4,250.....	4	15,425	4	15,425		
Ungraded positions at annual rates: Less than \$13,615.....	5,841	25,316,470	6,201	26,876,710	360	+\$1,560,240
Ungraded positions at hourly rates equivalent to less than \$13,615.....	19	92,841	19	92,841		
Total, permanent.....	7,112	34,951,966	7,586	37,407,326	474	+\$2,455,360
Deduct:						
Lapses.....	795	-3,514,912	223	-1,139,000	572	+\$2,375,912
Excess civilian rates over military.....		-57,870		+51,184		-\$6,686
Net permanent (average number, net salary).....	6,317	31,494,924	7,363	36,319,510	1,046	+\$4,824,586
Positions other than permanent.....		3,896,905		4,768,162		+\$871,257
<b>Other personnel compensation:</b>						
Regular pay above 52-week base.....		120,226		121,601		+\$1,375
Overtime and holiday pay.....		9,000		184,000		+\$175,000
Cost differentials and cost-of-living allowance.....		33,072		34,751		+\$1,679
Total, personnel compensation.....		35,554,127		41,428,024		+\$5,873,897



## Summary of objective classification, project 10

	Presently available 1965 estimate	Revised 1965 estimate	Increased 1965 estimate
11 Personnel compensation:			
Permanent positions:			
Civilian.....	\$962,897	\$1,030,088	+\$67,191
Military.....	803,160	850,574	+47,414
Positions other than permanent.....	2,143	2,143	-----
Other personnel compensation.....	9,800	39,195	+29,395
Total, personnel compensation.....	1,778,000	1,922,000	+144,000
12 Personnel benefits:			
Civil service retirement contributions.....	62,770	69,945	+7,175
Group life insurance contributions.....	3,230	3,555	+325
Federal Insurance Contributions Act taxes.....	100	100	-----
Health benefits contributions.....	6,300	7,000	+700
21 Travel and transportation of persons:			
Administrative travel.....	83,000	100,000	+17,000
Rental of passenger vehicles.....	3,000	4,000	+1,000
22 Transportation of things:			
Freight, express and drayage.....	500	9,800	+9,300
Rental of trucks.....	600	600	-----
Parcel post (penalty indicia).....	1,000	1,000	-----
23 Rent, communications, and utilities:			
Communication services.....	30,000	50,000	+20,000
Rent and utilities.....	4,000	4,000	-----
Penalty mail.....	35,000	38,000	+3,000
24 Printing and reproduction.....	4,000	11,250	+7,250
25 Other services.....	5,000	124,385	+119,385
26 Supplies and materials.....	21,500	29,365	+7,865
31 Equipment.....	5,000	10,000	+5,000
Total obligations.....	2,043,000	2,385,000	342,000

SALARIES AND EXPENSES

Detail of personnel compensation, project 10

	Personnel available 1965 estimate		Revised 1965 estimate		Increase 1965 estimate	
	Num- ber	Total salary	Num- ber	Total salary	Num- ber	Total salary
Grades and ranges:						
Special positions at rates equal to or in excess of \$18,000: Director .....	1	\$20,000	1	\$20,000		
GS-17. \$18,000 to \$20,000: Deputy Director .....	1	19,500	1	19,500		
GS-16. \$16,000 to \$18,000: Division chief .....	1	18,000	1	18,000		
GS-15. \$15,665 to \$19,270:						
Assistant to director .....	4	68,840	4	68,840		
Assistant division chief .....	2	33,905	2	33,905		
Assistant general counsel .....	1	16,695	1	16,695		
Chief legislative and liaison officer .....	1	17,210	1	17,210		
Chief medical officer .....	1	17,210	1	17,210		
Chief planning officer .....	1	17,210	1	17,210		
Division chief .....	5	86,050	5	86,050		
The adjutant .....	1	17,210	1	17,210		
GS-14. \$13,615 to \$17,215:						
Assistant division chief .....	4	59,860	4	59,860		
Assistant general counsel .....	2	29,930	2	29,930		
Assistant planning officer .....	1	14,965	1	14,965		
Field auditors .....	2	29,930	2	29,930		
Historian .....	1	14,515	1	14,515		
Manpower officer .....	2	29,930	2	29,930		
Regional field officer .....	6	89,790	6	89,790		
GS-13. \$11,725 to \$14,805 .....	25	321,615	29	374,675	4	\$53,060
GS-12. \$9,980 to \$12,620 .....	7	75,470	8	86,770	1	11,300
GS-11. \$8,410 to \$10,650 .....	7	66,990	7	66,990		
GS-10. \$7,690 to \$9,985 .....	6	53,280	6	53,280		
GS-9. \$7,030 to \$9,100 .....	14	109,460	15	116,490	1	7,030
GS-8. \$6,390 to \$8,280 .....	12	88,860	12	88,860		
GS-7. \$5,795 to \$7,550 .....	21	141,850	22	147,645	1	5,795
GS-6. \$5,235 to \$6,810 .....	24	148,035	24	148,035		
GS-5. \$4,690 to \$6,130 .....	10	54,260	16	82,400	6	28,140
GS-4. \$4,215 to \$5,475 .....	8	37,835	16	71,555	8	33,720
GS-3. \$3,880 to \$4,900 .....	10	42,270	14	57,790	4	15,520
GS-2. \$3,620 to \$4,565 .....	1	3,830	1	3,830		
Ungraded positions at hourly rates equiv- alent to less than \$13,615 .....	12	68,619	12	68,619		
Total permanent .....	194	1,813,124	219	1,967,689	25	154,565
Deduct:						
Lapses .....	5	-37,732	11	-76,836	6	39,104
Excess civilian rates over military .....		-9,335		-10,191		-856
Net permanent (average number, net salary) .....	189	1,766,057	208	1,880,662	19	114,605
Positions other than permanent .....		2,143		2,143		
Other personnel compensation:						
Regular pay above 52-week base .....		3,800		4,195		395
Overtime and holiday pay .....		6,000		35,000		29,000
Total, personnel compensation .....		1,778,000		1,922,000		144,000

## NATIONAL ADMINISTRATION, PLANNING, TRAINING, AND RECORDS MANAGEMENT

*Project 10*

The national headquarters being charged with the overall administration of the Selective Service System is affected by the additional responsibility placed upon it by the President's manpower conservation program. There will be much to do in the way of coordination with the several agencies and sponsors involved, not only at the national headquarters, but through the six regional field offices which are maintained in the six regions. Their expense is included in this project. There will be increased workload in personnel recordkeeping, gathering statistical operating data, fiscal work in payment of the thousands of Government transportation requests to be issued and in the general supervision of the manpower program. In order to meet this additional workload, 25 additional positions are required.

The sample inventory study accounts for the increase in "Other Personnel Compensation" for overtime, the addition in "Freight, Express, and Drayage" and for most of the addition requested for "Printing and Reproduction" and "Other Services."

*Summary of objective classification, Project 20*

	Presently available, 1965 estimate	Revised, 1965 estimate	Increase, 1965 estimate
11 Personnel compensation:			
Permanent positions:			
Civilian.....	\$3, 972, 056	\$4, 121, 904	+\$149, 848
Military.....	2, 538, 620	2, 933, 113	+399, 493
Positions other than permanent.....	85, 000	85, 000	-----
Other personnel compensation.....	42, 324	62, 983	+20, 659
Total personnel compensation.....	6, 638, 000	7, 208, 000	+570, 000
12 Personnel benefits:			
Civil service retirement contributions.....	256, 800	265, 200	+8, 400
Group life insurance contributions.....	13, 500	14, 500	+1, 000
Federal Insurance Contribution Act taxes.....	2, 200	2, 200	-----
Health benefits contributions.....	28, 000	29, 600	+1, 600
21 Travel and transportation of persons:			
Administrative travel.....	125, 000	175, 000	+50, 000
Rental of passenger vehicles.....	27, 000	35, 000	+8, 000
22 Transportation of things:			
Freight, express and drayage.....	4, 000	5, 000	+1, 000
Rental of trucks.....	1, 500	2, 000	+500
Parcel post (penalty indicia).....	3, 000	3, 500	+500
23 Rent, communications, and utilities:			
Communication services.....	98, 000	130, 000	+32, 000
Rents and utilities.....	13, 000	13, 000	-----
Penalty mail.....	105, 000	125, 000	+20, 000
24 Printing and reproduction.....	12, 000	15, 000	+3, 000
25 Other services.....	38, 000	45, 000	+7, 000
26 Supplies and materials.....	30, 000	35, 000	+5, 000
31 Equipment.....	30, 000	40, 000	+10, 000
Total obligations.....	7, 425, 000	8, 143, 000	718, 000



## SALARIES AND EXPENSES

## Detail of personnel compensation, Project 20

	Present available estimate 1965		Revised, 1965 estimate		Increase, 1965 estimate	
	Number	Total salary	Number	Total salary	Number	Total salary
Grades and ranges:						
GS-15. \$15,665 to \$19,270:						
State director.....	18	\$311,325	18	\$311,325		
GS-14. \$13,615 to \$17,215:						
Administrative officer.....	13	194,545	13	194,545		
Deputy state director.....	16	239,440	16	239,440		
State director.....	19	289,915	19	289,915		
GS-13. \$11,725 to \$14,805.....	86	1,114,225	108	1,406,055	22	\$291,830
GS-12. \$9,980 to \$12,620.....	69	759,900	91	1,008,500	22	248,600
GS-11. \$8,410 to \$10,650.....	23	219,190	23	219,190		
GS-10. \$7,090 to \$9,985.....	6	53,790	6	53,790		
GS-9. \$7,030 to \$9,100.....	12	97,930	12	97,930		
GS-8. \$6,390 to \$8,280.....	3	22,740	3	22,740		
GS-7. \$5,795 to \$7,550.....	58	405,630	58	405,630		
GS-6. \$5,235 to \$6,810.....	60	381,125	60	381,125		
GS-5. \$4,690 to \$6,130.....	129	723,999	151	827,179	22	103,180
GS-4. \$4,215 to \$5,475.....	148	748,375	171	845,320	23	96,945
GS-3. \$3,880 to \$4,900.....	167	748,725	167	748,725		
GS-2. \$3,620 to \$4,565.....	58	232,690	58	232,690		
GS-1. \$3,305 to \$4,250.....	4	15,425	4	15,425		
Ungraded positions at annual rates: Less than \$13,615.....	7	24,222	7	24,222		
Total permanent.....	896	6,583,191	985	7,323,746	89	740,555
Deduct:						
Lapses.....	24.5	-139,720	46.5	-325,104	22	-185,384
Excess civilian rates over military.....		+67,205		+61,375		-5,830
Net permanent (average number, net salary).....	871.5	6,510,676	938.5	7,060,017	67	549,341
Positions other than permanent.....		85,000		85,000		
Other personnel compensation:						
Regular pay above 52-week base.....		15,752		16,732		980
Overtime and holiday pay.....		1,500		19,500		18,000
Cost differentials and cost-of-living allowance.....		25,072		26,751		1,679
Total personnel compensation.....		6,638,000		7,208,000		570,000

## STATE ADMINISTRATION, PLANNING, TRAINING, AND RECORDS SERVICING

## Project 20

The function of the State headquarters being to administer the Selective Service System's mission within the respective States, will be directly affected by the addition of the conservation program. In addition to the coordination of the program as between the several agencies and sponsors involved within a particular State, it will also be the responsibility of the State headquarters to secure additional help for the local boards, process personnel records, maintain the augmented payroll, secure additional equipment and supplies as required, and instruct and supervise the manpower program in general.

It is estimated that little, if any, of this additional workload can be absorbed by the present limited staffs of the several State headquarters. Funds for the employment of additional personnel are included. Administrative travel, penalty mail, and communication services, among the other objects of expenditure, show the greater increases as it is estimated that these three objects of expenditure will need to be utilized to a much greater extent to properly install and supervise the program.

To meet the additional workload, an additional 89 positions are requested for the needs of our 56 State headquarters.

Most of the additional "Other Personnel Compensation" is for the sample inventory to pay overtime to presently employed personnel.

#### CLASSIFICATION AND TRANSPORTATION OF REGISTRANTS

General HERSHEY. Mr. Chairman and members of the committee, the \$375,000 is a special thing which is going for a study which is being made by the Department of Defense and Selective Service. The Budget decided that we should take it rather than the Department of Defense.

It has to do with a study by the Department of Defense relative to the procurement of manpower for the Armed Forces. This is a year-long study. As to the \$11 million, when we came before the committee we asked for money only for the registration of the 18-year-olds because the budget was made up, as you know, a year or more ago, and at that time there was no intention of classifying and physically examining the 1-A's of the 18 year olds.

Senator SALTONSTALL. Of the what?

General HERSHEY. Eighteen year olds.

Senator SALTONSTALL. 1-A's.

General HERSHEY. We are only examining the ones who are not deferred. That is about what we do. We do not physically examine normally the people deferred. That is one reason we are saving money.

#### EXAMINATION OF NONDEFERRED 18-YEAR-OLD REGISTRANTS

Senator SALTONSTALL. This \$11 million is to permit you to examine the people who are deferred?

General HERSHEY. No; the ones who are not deferred among the 18-year-olds, but heretofore we have been working on the 22's, and the 23's, the 21's, and have not under any circumstance examined the 18-year-olds, except when they volunteered for induction, but now under the project of attempting to give more certainty to our registrants, let them know earlier whether they are available, the President directed some time ago that we not only register the 18-year-olds, but classify the 18-year-olds, physically examine the 18-year-olds, and unfortunately or fortunately this year we have 600,000 more of them than we had last year.

Senator SALTONSTALL. How many do you have all together?

General HERSHEY. Two million.

Senator SALTONSTALL. This means 2 million 18-year-olds will now be examined?

General HERSHEY. No, sir, about half that, because we figure that we will defer about half of them and therefore we have the transportation and the handling of about a million. What is it? That 932,000 will go through to the examining stations, 932,000.

Senator SALTONSTALL. What you are asking for, \$11 million, is to examine 932,000 18-year-olders who you believe will not be deferred when their time comes?

## CLASSIFICATION OF 18-YEAR REGISTRANTS

General HERSHEY. We are going to actually classify them.

Senator SALTONSTALL. That is what I mean.

General HERSHEY. But we are classifying them about 3 years earlier.

Senator SALTONSTALL. That is what I mean.

General HERSHEY. Yes, sir, that is right. That means \$4 million for transportation, \$6 million for personnel, and \$1 million for logistics.

Senator SALTONSTALL. Is that law now, General Hershey?

General HERSHEY. The law only provided that a man should be classified as soon as possible, but as a matter of administration we haven't been doing it because it did mean additional money and so now we are carrying out the provisions of the law.

Senator SALTONSTALL. This is going to be locally done?

General HERSHEY. The same as we will with the others, yes, sir.

Senator SALTONSTALL. Supposing a man is a 18-year-old and is not deferred. In other words, he is a good prospect. Then does this program call for his getting some advice on physical fitness?

General HERSHEY. If he fails.

Senator SALTONSTALL. If he what?

General HERSHEY. If he fails, if he fails the examination. If he passes the examination then there isn't any need of referring him because he is all right, but if he doesn't pass—

Senator SALTONSTALL. In other words, if he is to be deferred.

General HERSHEY. No, if he is deferred he is not examined and if he is examined and passed he is not given consultation, but if he is examined and fails, then he comes into the referral program. We have three reasons why we would examine the 18-year-old. Probably the one we are primarily interested in is to make him certain of whether or not he is passable at the present time.

The Armed Forces think by letting him know early that he is acceptable it will have something to do with his possibility of enlisting earlier, because he will figure, "I am passable. Therefore, I better get it over with."

## REHABILITATION PROGRAM

The third thing of course is the program of trying to rehabilitate and rehabilitate early.

Senator ELLENDER. Isn't that the main reason that this is being done?

General HERSHEY. That at least brought it on.

Senator ELLENDER. I understand. There was some statement made by the President on this.

General HERSHEY. That is right. He has ordered them. We did recommend a year ago that we examine the 18-year-olds because we are continually criticized because we keep people in doubt.



This will not settle doubt because the man who passes today might not pass tomorrow and the man that fails today may pass tomorrow, but at least we tell him as of now whether we would accept him.

Senator ELLENDER. And by telling him what the trouble is he may be able to rehabilitate himself so he will become acceptable later.

General HERSHEY. That is right.

Senator SALTONSTALL. And to carry out this program it is going to require \$5,800,000 in round figures for new personnel by your Department.

General HERSHEY. That is right.

#### TRAVEL

Senator SALTONSTALL. And the big item of the personnel is \$4 million for these boys to travel.

General HERSHEY. No; the \$4 million is in addition to the \$5,800,000.

Senator SALTONSTALL. That is what I mean.

General HERSHEY. That is right.

Senator SALTONSTALL. \$4 million is for the——

General HERSHEY. For the boys to travel.

Senator SALTONSTALL. When you used the word "defer" the 19-year-old, that means, of course, he is for some reason not going to be called when you need him.

General HERSHEY. He wouldn't be called. None of these boys are going to be called. That is another thing.

Senator SALTONSTALL. I understand that, but I am trying to draw a distinction here that the boys who are passed by you and still have something more wrong with them, then go into this program?

#### DEFERRED

General HERSHEY. The ones that we defer are mostly in schools.

Senator SALTONSTALL. What do you mean by the word "defer"?

General HERSHEY. The boys who are in school, college or high school.

Senator SALTONSTALL. If they are deferred at 18 for being in school may they not be called when they are 22?

General HERSHEY. They may be called when they are 22, but we have not normally examined people that were deferred because the cost of examination has been relatively high and as long as they were deferred we weren't going to use them and when we quit deferring them then is when we examined them.

Senator SALTONSTALL. Does that mean that a boy who is 18 years old who is, we will say, working at a gasoline station, for instance, will not be deferred because he would be eligible.

General HERSHEY. And he will be examined.

Senator SALTONSTALL. But a boy who is in college as a freshman at 18 will be deferred because he has theoretically 4 years of college.

General HERSHEY. That is right.

Senator SALTONSTALL. Is that fair?

General HERSHEY. I don't know about the fairness.

Senator SALTONSTALL. Is that fair to the individual?

General HERSHEY. Senator, that gets you into something that is pretty debatable. I will be glad to tell you what our feeling is about the matter.

War and peace are two things that are not as clear as they were 50 or 25 years ago and what constitutes war is not necessarily the people that are in service. We have a tremendous number of people all over this United States of ours that are building missiles, charting missiles, doing a hundred and one other things that are not in service.

#### EXAMINATION OF ALL 18-YEAR-OLD BOYS

Senator SALTONSTALL. Let me ask you this question. You and I started in together in 1939 or 1940. If we are going to do this and examine these boys why is it not the Government's responsibility to spend the extra money to examine the 2 million boys rather than the 932,000? Why should it be fair?

General HERSHEY. I would have to agree with you that that is correct. I would have to also point out that none of us have done it because of two reasons.

One is you have the Armed Forces that are going to have some difficulties examining them anyhow and they would have probably three times as much difficulty examining 2 million because it is a pretty big job.

#### COLLEGE ATTENDANCE DEFERRAL

Senator SALTONSTALL. It raises the same old question that we have argued a thousand times of why should a boy who has the ability to go to college be deferred and not be sent in this physical program and the boy who is running a gasoline station have to go.

General HERSHEY. I have too much past in common with you, Senator, to know better than to debate with you.

Senator SALTONSTALL. That is the first time you have ever said that.

General HERSHEY. Again I am softening as I grow old. In the first place I hold no brief. If sending a boy to college isn't going to make him better or more capable of defending the United States we have no business sending him.

Senator SALTONSTALL. I am not saying anything else.

General HERSHEY. That is the defense of it. The next thing is we have now over 3 million that have not been able to pass the examination and it isn't fair for them to be out of it just because they didn't know enough to get in, but still necessity says first of all we have to have engineers, we have to have scientists, we have to have school-teachers, and we can't get them if we don't train them.

Of course there is another thing, Senator, that you know much better than I do. The reason why we can afford to defer people is because we can't use them all. If we could we would use them and wouldn't defer them.

## ADVICE ON PHYSICAL DEFERRAL PROBLEMS

Senator SALTONSTALL. One more word, Mr. Chairman, and I won't delay you any more. Putting it one more way, why shouldn't the boy who is being deferred and maybe having a bad arm, or a big tubular stomach, or whatnot, get the advantage of getting advice as to how he can get his stomach down?

General HERSHEY. He should, and not only that I think from the very beginning we would have solved some problems if we had examined everybody, but it is twice as heavy an examining load as we have and we in the interest of economy have only examined people when it got to the place it looked as though we were going to use them. I couldn't defend it.

Senator SALTONSTALL. I have no more questions and I thank you, Mr. Chairman.

Senator ELLENDER. Any further questions? If not, we thank you very much.

General HERSHEY. Thank you.



# SECURITIES AND EXCHANGE COMMISSION

## SALARIES AND EXPENSES

STATEMENT OF WILLIAM L. CARY, CHAIRMAN; ACCOMPANIED BY MANUEL P. COHEN, COMMISSIONER; HUGH F. OWENS, COMMISSIONER; HAMER H. BUDGE, COMMISSIONER; RALPH S. SAUL, DIRECTOR, DIVISION OF TRADING AND MARKETS; EDMUND H. WORTHY, DIRECTOR, DIVISION OF CORPORATION FINANCE; MORGAN E. SHIPMAN, SPECIAL COUNSEL; AND FRANK J. DONATY, COMPTROLLER

### SUPPLEMENTAL REQUEST, 1965

Chairman HAYDEN. Next is the Securities and Exchange Commission. Request is for \$390,000 to fund new amendments to the Securities Act, as contained in House Document 349.

Mr. Cohen has a statement.

Mr. CARY. Yes, sir. I am Mr. Cary, sir. I am retiring this Friday so Mr. Cohen will handle it, my successor.

Mr. COHEN. As Mr. Cary pointed out, he is leaving us Friday and I have been designated his successor. He thought it advisable that I present to the committee this supplemental request. I do welcome the opportunity to appear here.

As explained in Chairman Cary's letter, our supplemental request of \$390,000 represents funds for 65 additional positions to carry out the provisions of S. 1642. Of this amount, approximately \$90,000 will be recovered by assessment of fees from certain brokers and dealers. These fees, to which I will advert later on, will be deposited to the general fund of the Treasury.

### PROVISIONS OF S. 1642

In its broadest terms, S. 1642 has two major purposes:

1. Extension of disclosure requirements to securities of larger over-the-counter companies—requirements which are presently required of listed companies.

2. Strengthen qualification standards and controls over those in the securities business, again with emphasis on the over-the-counter market.

With your permission I would like to discuss briefly these purposes and their impact on our workload and manpower requirements.

Chairman HAYDEN. That is based on new legislation?

Mr. COHEN. Yes, sir.

Senator SALTONSTALL. Mr. Chairman, might I respectfully request that Mr. Cohen put his statement in the record and that he describe it very briefly. He is taking on, as I see it, a number of new registrations

of securities and the principal question before us is as to why you need 65 additional employees to carry out this bill.

Chairman HAYDEN. That will be included in the record.

(The statement referred to follows:)

STATEMENT OF MANUEL F. COHEN, COMMISSIONER

Mr. Chairman and members of the committee, Chairman Cary will be leaving us next Friday and I have been designated his successor. Although he is here with us today, we thought it would be appropriate and advisable that I present to this committee our supplemental request for this fiscal year. I welcome this opportunity to appear before you.

As explained in the chairman's letter, our supplemental request of \$390,000 represents funds for 65 additional positions to carry out the provisions of S. 1642. Of this amount, approximately \$90,000 will be recovered by assessment of fees from certain brokers and dealers. These fees, to which I will advert later on, will be deposited to the general fund of the Treasury.

In its broadest terms, S. 1642 has two major purposes:

1. Extension of disclosure requirements to securities of larger over-the-counter companies—requirements which are presently required of listed companies.
2. Strengthen qualification standards and controls over those in the securities business, again with emphasis on the over-the-counter market.

I wish to discuss briefly each of these purposes and their impact on our workload and manpower requirements.

EXTENSION OF DISCLOSURE REQUIREMENTS TO OVER-THE-COUNTER COMPANIES

As I have noted, the first major aspect of the bill extends to investors in certain over-the-counter securities the same protections now afforded to investors in listed securities: namely, annual and periodic reporting; regulation of proxy solicitation; and restrictions upon "insider" trading.

Initially, companies having total assets exceeding \$1 million and a class of equity securities held of record by 750 or more persons would be required to register with the Commission and assume these obligations. We estimate that this standard will reach approximately 2,400 companies, excluding banks and insurance companies. We believe that about 1,900 companies will become subject to the amended statute between January 1 to June 30, 1965. During this period, we anticipate conservatively that the following will be filed with the Commission:

1. About 1,900 applications for registration of securities.
2. A significant number of preliminary proxy statements.
3. About 2,700 annual and periodic reports (on forms 8, 9, and 10-K).
4. Approximately 19,000 ownership and transaction reports.
5. The institution of approximately 10 administrative proceedings or other actions to enforce, if necessary, the provisions of the bill.

In light of this anticipated tidal wave of applications, reports, and other documents, we estimate that at least 56 positions will be required for the Division of Corporation Finance to examine and review them. However, we are not asking for 56 since we plan to assign 13 positions under the Division's present personnel allocation to the additional workload. Hence, only an additional 43 positions are requested for the Division effective next January 1 to respond effectively to the increased workload. The present personnel in the Division is required to stay abreast of its existing workload and reduce further its present backlog in certain areas. The assignment of more than 13 of the current positions in the Division to implement the provisions of the new legislation may result in the same heavy and unrealistic backlog in the Division's regular operations as existed 3 years ago.

After 2 years or longer, if the Commission so determines, the amended statute would reach companies with more than 500 shareholders. This standard would result in an estimated total coverage of 2,900 companies (excluding banks and insurance companies)—an increase of approximately 500 companies in the 500 to 749 shareholder category.

## REGULATION OF BROKERS AND DEALERS

The second major aspect of S. 1642 relates to qualification standards and controls over those in the securities business. The bill is designed to raise standards for entry into the securities business; to enlarge the scope of self-regulation; to refine Commission disciplinary controls over brokers, dealers, and their employees; to clarify and improve existing provisions dealing with related matters; and to permit the assessment of fees by the Commission for expenses incurred for the regulation of registered brokers and dealers who are not members of the NASD—the only association registered with the Commission.

The controls provided would have their primary impact upon those who deal in over-the-counter securities and would complement the protections recommended with respect to companies whose securities are traded in that market. A few of the principal changes to the existing law are:

1. Brokers and dealers who are registered with the Commission but who are not members of the NASD would pay such reasonable fees as may be necessary to defray the costs of the Commission in performing those additional regulatory duties which are required to be performed because such brokers and dealers are not members of such an association.

2. In a disciplinary action, the Commission could proceed directly against an employee of a broker or dealer in lieu of proceeding against the entire firm, and the authority of a national securities association to do the same would be clarified. The Commission could also impose sanctions short of revoking registration, such as a temporary suspension or censure.

It is anticipated that the major expenses involved in this part of the bill will relate to the Commission's new responsibilities over brokers and dealers who are not members of the NASD. The aim of the bill will be, through Commission regulation, to place non-NASD brokers and dealers in the same position, and subject to equivalent fees, as brokers and dealers who are members of the NASD. Here the Commission will, in effect, be taking the place of the NASD in establishing qualification standards, supervising selling practices, and developing and enforcing rules embodying just and equitable principles of trade. However, since certain data regarding the number of brokers and dealers and their salesmen is not available, the Commission cannot estimate at this time the full impact of the bill for the remainder of fiscal 1965.

To determine the workload involved, the manpower required, and the accompanying costs (which will be recoverable) for fiscal 1966 to implement the new legislation as it relates to brokers and dealers, we are requesting funds for six additional positions for our Division of Trading and Markets, beginning October 1, 1964. It will be the responsibility of this group of six individuals to assist the Commission in the development of rules and regulations, forms, internal procedures, and fee schedules and to obtain a more detailed picture of the non-NASD brokers and dealers. We estimate that about 500 non-NASD brokers and dealers will be subject to these new statutory provisions requiring regulation by the Commission.

On January 1, 1965, it is anticipated that this group will be augmented by an additional six positions for whom we are seeking funds for the following purposes: (1) To establish the nucleus of a registration unit for nonmembers of a registered securities association; (2) to develop inspection procedures regarding such nonmembers; and (3) to perform a number of pilot inspections.

The initial cost of establishing this group in 1965 as well as the cost of administering the fully integrated regulatory program in 1966 and thereafter will be recovered annually from those regulated, by the imposition of appropriate fees in accordance with a schedule to be established. For 1965, the estimated cost is \$90,000. The new legislation provides that fees are to be prescribed to defray such costs. Any fees so collected will be deposited to the general fund of the Treasury.

I have indicated, generally, the programs for which we are requesting 43 additional positions for the Division of Corporation Finance and 12 positions for the Division of Trading and Markets—a total of 55 positions. The remaining 10 positions for which we request funds are distributed as follows: (1) Six additional investigator positions for the regional offices to assist the Division of Corporation Finance in conducting investigations and to assist the Division of



Trading and Markets in several pilot inspections of brokers and dealers who are not members of the NASD; and (2) four additional clerical positions of a supporting nature for the Offices of the Comptroller, and Records and Service.

Gentlemen, this concludes my statement, and with the assistance of my fellow Commissioners and our staff members, we will answer any questions you may have.

#### ADDITIONAL WORKLOAD

Mr. COHEN. The new bill will involve, initially, approximately 2,400 companies (excluding banks and insurance companies), which will be required to register with the Commission. We anticipate that approximately 1,900 of those will register in this fiscal year. We expect that 56 people will be required to review applications for registration of securities, related proxy statements, annual reports, and other documents which are required to be filed with the Commission by the new legislation.

We are not asking this committee for funds for the 56 people. We intend to use 13 of our present employees for this purpose and we are asking for funds to cover only 43 additional persons. The second aspect of the bill relates to brokers and dealers who are engaged in the sale of securities in over-the-counter markets. Under the bill, there are additional duties vested in the Commission; that is, with respect to those brokers and dealers who do not become members of the National Association of Securities Dealers. In this area, the Commission has a mandate to regulate, essentially in the same manner, now-NASD brokers and dealers as the association regulates its members.

We are not now in a position to determine the exact population of now-NASD members and the amount of work required. Hence, we are asking only for what is in essence a token amount, some \$90,000, to establish a group of 12 people to develop rules and regulations, to register now-NASD brokers and dealers, and to conduct certain pilot examinations and inspections.

For these purposes we are asking \$90,000. Under the bill, we have authority to recoup that sum by levying fees which we intend to do.

#### ADDITIONAL PERSONNEL REQUEST

We are seeking funds for six additional people in our regional offices to assist the central office in conducting investigations and performing some pilot inspections of now-NASD brokers and dealers. Four persons of a clerical nature are requested also for administrative functions.

Essentially that is our request.

Senator SALTONSTALL. In other words, Mr. Commissioner, you have the job of looking up and determining whether people who are not members of the NASD are responsible people?

Mr. COHEN. We do that. We also have to administer, as to those persons, the responsibility which the NASD now has, in the area of qualification standards and controls, and standards of high commercial honor and just and equitable principles of trade. I might note that there is a possibility that a number of brokers and dealers now members of the association may leave the association, which would augment the population subject to our jurisdiction.

## PRESENT PERSONNEL

Senator SALTONSTALL. How many employees do you have in the SEC now?

Mr. COHEN. Our personnel ceiling is 1,468, which is exactly the same number for this year as it has been in the past 2 years.

Senator SALTONSTALL. Why couldn't those people carry on until you get this program in existence?

Mr. COHEN. As I have indicated, we will use 13 people for the registration of over-the-counter companies. If we assigned more people to the new work, it would mean that our current operations would fall behind. Thus we would encounter backlogs similar to those we experienced in the early 1960's which would not permit us to provide adequate service to the public as the Congress expects us to provide.

Senator SALTONSTALL. Thank you, Mr. Chairman. Mr. Cohen, you have a good representation. I would respect your word that you need these people. How many Congress will give you, I don't know.

## INTRODUCTION OF COLLEAGUES

Mr. COHEN. Thank you, sir. I didn't introduce some of my colleagues here at the table. I am sorry. I would like to do that. On my far right is Judge Hamer H. Budge who, as you know, was a Member of Congress for a number of years, and immediately to his left is Mr. Hugh F. Owens, from Oklahoma. Mr. Cary is on my left.

Senator SALTONSTALL. Mr. Chairman, Mr. Cohen has had good writeups in the newspapers as to his qualifications. Mr. Cary, who is going back to teach at Columbia, has done a good job and may we congratulate you, Mr. Cary.

Mr. CARY. Thank you.

## REASON FOR SUPPLEMENTED REQUEST

Senator ELLENDER. I don't quite remember what gave occasion in the passage of the last bill that would require hiring of 50-some-odd people.

Mr. COHEN. We are asking for 65 people, Senator Ellender.

Senator ELLENDER. I know, but you provide for 13 of those.

Mr. COHEN. Yes, sir. In addition to the 13 positions we are providing, we are requesting 65 additional.

Senator ELLENDER. And as to the rest—50-some-odd—you are asking for funds in order to pay them. What gave rise to this new bill? I don't recall.

## STUDY OF SECURITIES MARKETS

Mr. COHEN. This bill is an outgrowth of the special study of the securities markets conducted by the Commission at the direction of the Congress. The Congress, by joint resolution in 1961, directed a study of the securities markets and this is one of the principal fruits of that study.

Senator ELLENDER. Will that give more protection to those who deal in securities?

Mr. COHEN. We hope so.

Senator ELLENDER. I am very hopeful. We have been dealing with them for quite some time. I see in the paper where every now and then something happens to some lifetime investments of people. I hope that something good will come out of this.

Mr. COHEN. Senator, we do too. We believe that this bill will improve the situation substantially, but I am afraid to add that there may be situations of that kind in the future.

Senator ELLENDER. What is the minimum number you can do with? You ought to be able to get a lot more out of the people surrounding you.

Mr. COHEN. We think we have been very conservative and we think that 65 is the rockbottom.

Senator ELLENDER. All right.

Chairman HAYDEN. Thank you for your appearance.

Mr. COHEN. Thank you, sir.

Mr. CARY. Thank you.



## DEPARTMENT OF LABOR

### NATIONAL COMMISSION ON TECHNOLOGY, AUTOMATION, AND ECONOMIC PROGRESS

#### STATEMENT OF STANLEY C. RUTTENBERG, SPECIAL ASSISTANT TO THE SECRETARY OF LABOR; ACCOMPANIED BY V. S. HUDSON, DEPUTY ASSISTANT SECRETARY; AND JOHN G. KLEIN, JR., BUDGET ANALYST

BUDGET REQUEST, 1965

Chairman HAYDEN. Next is a request for funds for the National Commission on Technology, Automation, and Economic Progress, of \$1 million as contained in House Document No. 340.

Mr. Ruttenberg, do you have a prepared statement?

Mr. RUTTENBERG. Yes, Mr. Chairman; I have a prepared statement and a longer one.

Chairman HAYDEN. You may put it in the record. If you want to highlight it, go ahead. What is the necessity for this money?

(The statement referred to follows:)

#### STATEMENT OF STANLEY H. RUTTENBERG, SPECIAL ASSISTANT TO THE SECRETARY OF LABOR FOR ECONOMIC AFFAIRS FOR THE NATIONAL COMMISSION ON TECH- NOLOGY, AUTOMATION, AND ECONOMIC PROGRESS

Mr. Chairman, I appreciate the opportunity to present what we think are the budgetary needs of this Commission and to discuss some of the activities which it might perform.

The law authorizes a maximum appropriation of \$1 million to cover the lifespan of the Commission which for budget purposes we assume will be from September 1, 1964 to January 31, 1966. Because this is a fixed period of time and spans a part of 2 fiscal years, we are asking for an appropriation to cover the entire period rather than ask for two appropriations—one for 9 months and one for 7 months. This should provide the Commission with needed operating flexibility.

The hearings and debates in both the House and the Senate clearly pointed up the need for such a Commission. As Secretary Wirtz testified, the central objectives are:

First, to identify technological trends over the next 10 years and appraise their economic, employment, and social effects.

Second, to assess how technological advances can be channeled in directions where they will promote both economic and social progress and aid in fulfilling unmet community and human needs.

Third, to recommend the governmental and private action which should be taken to (a) promote technological change, (b) facilitate occupational adjustment and geographic mobility, and (c) prevent and alleviate the adverse effects of change on displaced workers.

The law itself provides the Commission with a broad framework, but leaves it free to develop its own program and plan of action. It requires that the Commission submit a final report of its findings and recommendations by January 1, 1966, and that it go out of existence 1 month later.

There are a number of specific questions on which the Commission might help pull together and evaluate the data:

1. How much of the change which is occurring in our industrial society is due to automation and how much to other causes?
2. Has the rate of change been accelerating and what are the prospects for the decade 1965-75?
3. What effect has automation had on the skill requirements in our society? What are prospects for the next decade?
4. What are the necessary features of any early warning system which would provide us with advance notice of impending change?
5. How can technological innovation be accelerated? How can the technological advances made in the defense industries be economically carried over into nonmilitary industries?

6. What industries are most vulnerable to massive technological change in the next decade and what kinds of dislocations can be expected in each? There are also some more general problems on which the Commission might focus the attention of knowledgeable people throughout the Nation:

1. What institutional changes are needed in our systems of education, training, counseling, and placement so that individuals might more fully share the fruits of economic and technological progress?
2. Where does the responsibility lie for assisting those individuals, firms, and communities which are severely affected by technological or economic change? What are feasible alternative programs for such assistance?
3. What actions can public and private groups take to promote desirable technological change and minimize adverse effects?
4. What are the unmet social needs which might profit from the application of new technology?
5. What impact will technological change have upon our way of life, values, social institutions, and communities?

The Government has a long term and continuing interest in technological and economic change. Within the resources previously authorized by Congress the various Government agencies have undertaken research and data collection on many problems on which the Commission will focus its attention. Every bit of this material will be brought to the attention of the Commission as soon as it begins its work. All the agencies of Government, through the Federal Inter-agency Committee, I am sure will be happy to cooperate fully with the Commission, its staff, and its consultants on all matters.

The appropriation of the full authorization will enable the Commission to focus national attention at the highest level on economic and technological change.

I will be glad to answer any questions you may have.

#### JUSTIFICATION

#### 1965 AND 1966 BUDGET ESTIMATE, NATIONAL COMMISSION ON TECHNOLOGY, AUTOMATION, AND ECONOMIC PROGRESS

##### SALARIES AND EXPENSES

"For expenses necessary to carry out the provisions of the Act of ———, 1964 (— Stat. —), authorizing the establishment of a National Commission on Technology, Automation, and Economic Progress, \$1,000,000, to remain available until January 31, 1966."

	Budget request	Budget estimate	House allowance	Senate allowance	Appropriation
1965-66 <sup>1</sup> .....	\$1,000,000	\$1,000,000	-----	-----	-----

<sup>1</sup> The appropriation estimate, by proposed legislation, covers a portion of fiscal years 1965 and 1966 and is to remain available until Jan. 31, 1966.

#### NATIONAL COMMISSION ON TECHNOLOGY, AUTOMATION, AND ECONOMIC PROGRESS

##### *Amounts available for obligation*

	1964	1965-66
Appropriation or estimate.....	-----	\$1,000,000

*Obligations by activity*

Description	1964 estimate		1965-66 estimate		Change	
	Posi- tions	Amount	Posi- tions	Amount	Posi- tions	Amount
1. Commission and administrative costs.....			10	\$550,000	+10	+\$550,000
2. Contract research.....				450,000		+450,000
Total obligations.....			10	1,000,000	10	+1,000,000

Activity I is composed of three cost factors as follows :

1. National Commission (14 Commissioners, their compensation, travel, and related nonlabor requirements) :

1965.....	\$88,000
1966.....	42,000
Total.....	130,000

2. Federal staff assistance (10 full-time positions and 5 consultants, their compensation, travel, and related nonlabor requirements) :

1965.....	\$162,000
1966.....	138,000
Total.....	300,000

3. Department of Labor administrative support (the equivalent of 6 man-years of employment, working capital fund service functions, and liquidation costs for the entire Commission) :

1965.....	\$67,500
1966.....	52,500
Total.....	120,000

*Obligations by object*

	1964	1965-66	Changes
Total number of permanent positions.....		10	10
Average number of all employees.....		15	15
11 Personnel compensation.....		\$261,614	+\$261,614
12 Personnel benefits.....		14,786	+14,786
21 Travel and transportation of persons.....		40,000	+40,000
23 Rent, communications, and utilities.....		33,000	+33,000
24 Printing and reproduction.....		55,000	+55,000
25 Other services.....		15,000	+15,000
Services of other agencies.....		570,000	+570,000
26 Supplies and materials.....		2,600	+2,600
31 Equipment.....		8,000	+8,000
Total obligations.....		1,000,000	+1,000,000
Working capital fund items included above.....		(34,750)	(+34,750)



*Summary of changes*

1964 appropriation-----	
1965-66 estimate-----	\$1,000,000
Total change-----	<u>+1,000,000</u>
Program items: Increases: To provide for the establishment of and operating costs for a National Commission on Technology, Automation, and Economic Progress to identify, assess, and define the current and future impact of technological changes, automation, and economic progress on human and community needs, and to recommend specific administrative and legislative steps to be taken to meet Federal, State, and local government responsibilities (10 full-time positions \$276,400; nonlabor \$723,600)-----	
	1,000,000
Total change-----	<u>+1,000,000</u>

## GENERAL STATEMENT

*Purpose of the Commission*

The act provides for the establishment of a Commission composed of 14 members appointed by the President, with the advice and consent of the Senate, from among persons outside the Government with a competency in the areas to be dealt with by the Commission. The membership will be broadly representative and shall include not less than four members drawn equally from labor and management. The Commission's assigned responsibilities include the following:

(1) Identify and assess the past effects and the current and prospective role and pace of technological change;

(2) Identify and describe the impact of technological and economic change on production and employment, including new job requirements and the major types of worker displacement, both technological and economic, which are likely to occur during the next 10 years; the specific industries, occupations, and geographic areas which are most likely to be involved; and the social and economic effects of these developments on the Nation's economy, manpower, communities, families, social structure, and human values;

(3) Define those areas of unmet community and human needs toward which application of new technologies might most effectively be directed, encompassing an examination of technological developments that have occurred in recent years, including those resulting from the Federal Government's research and development programs;

(4) Assess the most effective means for channeling new technologies into promising directions, including civilian industries where accelerated technological advancement will yield general benefits, and assess the proper relationship between governmental and private investment in the application of new technologies to large-scale human and community needs; and

(5) Recommend, in addition to those actions which are the responsibility of management and labor, specific administrative and legislative steps which it believes should be taken by the Federal, State, and local governments in meeting their responsibilities, (a) to support and promote technological change in the interest of continued economic growth and improved well-being of our people, (b) to continue and adopt measures which will facilitate occupational adjustment and geographic mobility, and (c) to share the costs and help prevent and alleviate the adverse impact of change on displaced workers.

The act also establishes a Federal Interagency Committee consisting of the heads of the Departments of Agriculture, Labor, Commerce, Defense, Health, Education, and Welfare, and the National Aeronautics and Space Administration, the Chairman of the Council of Economic Advisers, the Director of the Office of Science and Technology, and the Chairman of the Atomic Energy Commission. The Secretary of Labor and the Secretary of Commerce shall serve as cochairmen of the Committee. This Committee is to advise the Commission and provide liaison between the Commission and the resources of these departments and agencies.

The Commission is required to submit a final report of its findings and recommendations to the President and Congress by January 1, 1966. (Interim reports

are authorized at any time.) The Commission ceases to exist 30 days after submitting this final report.

#### *Need for the Commission*

President Johnson at the time he forwarded draft legislation to the Congress wrote as follows:

"The technological revolution, which is providing us with the highest standard of living in the world, has been accompanied by many problems. There have been dislocations, loss of jobs, and the specter of poverty in the midst of plenty.

"At the same time we encourage progress, we must be alert to the effect of the forces generating that progress. We must make sure that as technological progress creates new industries and job opportunities it does not impose too great a hardship on individual workers. I therefore recommend the creation of a National Commission on Automation and Technological Progress, to study current and future trends in the technological change, and to recommend the most constructive action that can be taken to secure maximum benefits with the least possible harmful effects upon the Nation."

Secretary of Labor W. Willard Wirtz in his testimony before Congress concluded with these words:

"Even though we are pressing forward to ever greater scientific discovery with remarkable success, we do not now really comprehend the implications for our society of the current and imminent larger flow of advances in automation and technology—and so we have not fully geared ourselves to prepare for the effects of forthcoming changes.

"Nor have we thoroughly examined our technological capability in terms of its potential application to priority human and community needs of the Nation.

"Moreover, many people are alarmed about the impact of new technology on their employment and livelihood, either because of lack of understanding or because available institutions and procedures are patently inadequate to help them adapt to new ways of life with minimum hardship.

"The time has come to call upon a group of national leaders to sift the available information to help the Nation predict, promote, and prepare for technological change, to respond to its challenges and grasp its opportunities, more effectively than ever before.

"We cannot foretell the future with certainty, but we must make a comprehensive effort to scan our technological future and chart a considered course of full-speed technological progress to meet national needs without cause for fear of adverse effects.

"The Commission will meet the need constructively. I urge that it be established as quickly as possible to get on with the vital task."

For his part Secretary of Commerce Luther H. Hodges described the need as follows:

"This Nation faces a challenging dilemma. On the one hand, we must achieve continuous technological change if we are to have rising productivity and hence rising incomes in this country. On the other hand, we must ease the problems which both labor and management face in their attempts to adjust to technological change.

"This is not a new dilemma—we have faced it in greater or lesser degree almost since our Republic was born. But now the dilemma must be especially serious. We consider it likely that the rate of technological change may accelerate in the coming years. Meanwhile, we have become an urbanized economy, we have a specialized labor force. The individual firm and the individual worker find it particularly difficult, under these circumstances, to adjust to technological change.

"It is therefore perhaps more urgent than ever before that we focus attention on this dilemma."

Thomas J. Watson, Jr., chairman of the board, International Business Machines Corp., testified before Congress by saying:

"The problems created by technology touch all levels and aspects of our national life. Such major concerns as the national level of training and education, distressed areas, and job opportunities open to youth, the aged, and members of minority groups are all involved. These problems have been approached by Government, labor, and business, and some good beginnings toward their solution have been made.

"We must now go further and undertake a unified analysis of the problems inherent in change. We must explore new and untried—and perhaps adven-



trous—approaches to their solution. Furthermore, we should establish some kind of a guide and an order of priority for future actions.

"The proposed Commission should be an effective way to get started on this difficult assignment."

John I. Snyder, Jr., chairman and president, U.S. Industries, Inc., also voiced strong support for the proposed Commission and noted among his reasons the following:

"It is in the task of factfinding in depth—factfinding designed to point the way to solutions—that a National Commission on Automation and Technological Progress can be of historical importance to our country. We cannot intelligently seek solutions to automation's problems, or even discuss them rationally, until we know the true facts about automation's impact on our industries, on our jobs, and on our lives—now and in the years ahead.

"In my view, the research or factfinding task that faces us is enormous in its dimensions. We must move in three research areas simultaneously, and we must be prepared to base strong recommendations on the facts unearthed in these three areas."

The AFL-CIO executive council in February 1964 said:

"The time is long overdue for a full-scale national investigation of the social and economic impact of automation.

"Now, before the toll taken by the new technology reaches more drastic proportions, a broadly representative Commission on Automation, composed of the ablest men in public and private life, should be established to do for America what other national commissions have done in the past in connection with other serious national problems."

#### *Integration with existing activities of various Government agencies*

Secretary of Labor W. Willard Wirtz has said that if he thought that the setting up of another commission or the establishment of another conference would be an excuse for not acting on the basis of what we already know, he would have a different recommendation. To this he added a further comment regarding one of the great prospective advantages of a commission composed of outsiders as follows: "We are not today tying in with the Government's program, the thinking, the research, which is being done by the outstanding private people and institutions in the country. We must do that. We must take advantage both of what they know and of their ability to dramatize this subject in the public mind."

Secretary Hodges provided similar reassurances as the following comments indicate:

"I think that kind of overall looking from the outside, as opposed to those of us who are working in the vineyard of Government day by day, wrestling with the problems, can bring to us constructive points of view that are more objective than our own \* \* \*.

"I would certainly be against any duplication. You have, of course, in Government or anywhere else, a lot of work and a lot of talk. I think that this Commission would take a total look at what we are doing in Government. We ought to be required to show this Commission all the things we are doing—the various bills, the various assignments—and get their advice as to what we should do and what we should not do."

#### *Lifetime span of the Commission*

The House report says, "Not all of the work that can be imagined or possibly even all of the most important work can be accomplished by the Commission during the next 17 months. But this period is, in the subcommittee's view, sufficient to permit all that can be realistically sought at this time. Any permanent commission would, it was thought, be entirely inappropriate. Moreover, a longer-lived body poses the grave risk of postponing action programs already underway within Government while awaiting the results of the Commission's work. Such hiatus can be avoided by keeping the lifespan of the Commission to a reasonable length. Progress we could otherwise expect to make can continue while we simultaneously lay the basis for further action with the Commission's guidance."

Because of the fact that this is a temporary organization spanning part of 2 fiscal years an appropriation is requested to cover both periods.

#### *Explanation of the estimate*

This estimate has been prepared by the Department of Labor lacking any definitive program of operations by the Commission which because it doesn't exist at this time is unable to develop its own program.



In developing the estimate the Department has drawn on its own experience in serving a wide variety of Commissions over the years and has used its best judgment under the circumstances.

Some of the key questions which had to be rationalized were (1) how frequently would the Commission meet and for how long, (2) how many subcommittees, if any, would the Commission establish and how often and how long would they meet, (3) the size of the Commission staff, (4) extent of employment of consultants, (5) extent of travel by the Commission and staff members, (6) possibility and extent of Commission hearings throughout the country, (7) extent of additional research needs.

The attached estimate reflects the following basic assumptions:

Twelve committee meetings over the lifespan of the Commission for 3 days each. Creation of 4 subcommittees meeting 36 times for 3 days each.

A staff of 10 people (including the executive secretary, 5 professional staff people, 1 administrative and 3 clerical) at various grades.

That the Commission will want to hold hearings in Washington and in the States and will want recorded testimony.

That there will be a limited amount of contract research with specialists outside of Government.

That the volume and character of administrative services to be paid by the Commission to the Department of Labor will be more complex than those required by any regular operating Federal function.

#### EXPLANATION OF ESTIMATE BY OBJECT <sup>1</sup>

##### *Personnel compensation, \$261,614*

The estimate will provide for a Commission staff of 10 full-time positions during its 16-month lifespan, or approximately 13 man-years of financeable employment at a cost of \$154,114. Included is (a) the provision for 5 consultants at \$75 per diem working about one-quarter of the time, \$25,000, (b) \$5,000 for overtime and holiday pay, (c) \$70,000 for \$100 per diem compensation for 14 Commissioners while engaged in Commission work, and (d) \$7,500 for the adjusted cost of new pay scales becoming effective during fiscal year 1965.

##### *Personnel benefits, \$14,786*

The estimate is based upon personnel compensation and will provide for the Government's share of retirement, insurance, health benefits, etc. The estimate for full-time positions is calculated at the average rate of 7½ percent of net personnel compensation, and intermittent employment at 3.125 percent for FICA contributions.

##### *Travel and transportation of persons, \$40,000*

The estimate will provide for travel costs and subsistence payments for 26 Commissioners and subcommittees and 6 Federal staff. Travel is contemplated for the Commissioners and subcommittee in connection with (1) Commission and committee meetings both in Washington and at various locations in the field, and (2) while attending Commission hearings and surveying selected industries throughout the country in pursuit of necessary on-site technological, automation, and economic data. The Federal staff will be engaged in assisting the Commissioners and subcommittees in a variety of administrative and program areas required to assure maximum effectiveness of these field operations. The estimate is composed of the following:

Twenty-six Commissioners and subcommittees estimated at six trips of 3 days each (travel costs \$150 and subsistence \$50 each trip) or an average of about \$1,150 per traveler during the 16 months, \$30,000.

Six Federal staff assistants to average six trips of 3 days each (travel costs \$200 and subsistence \$50 each trip) or approximately \$1,700 per traveler, \$10,000. (The higher average per traveler cost is based upon the fact that this staff is stationed in Washington and will generally have higher transportation costs to field locations.)

<sup>1</sup> See attachment No. 2 for a breakdown of fiscal year 1965 and fiscal year 1966 costs.

*Rent, communications, and utilities, \$33,000*

The estimate is based upon Commission and Federal staff requirements and will provide the following:

## Federal staff:

Office space rental, 10 employees, at an average of 165 square feet per employee by \$6 per square foot-----	\$10,000
Telephone installations-----	500
Teletype services-----	1,500
Machine rental (Xerox)-----	3,000
Total-----	<u>15,000</u>

## Commission:

Hearing rooms and conference space throughout the United States approximately 50 days, at \$100 per day-----	5,000
Office space for 14 Commissioners, at an average of 155 square feet per employee by \$6 per square foot-----	13,000
Total-----	<u>18,000</u>

*Printing and reproduction, \$55,000*

The estimate will permit \$50,000 for the Government Printing Office printing of the final report to the President and the Congress; the cost is based upon similar type bound reports prepared for congressional and Presidential use by comparable commissions, e.g., Presidential Railroad Commission, \$5,000 is estimated for the cost of printing miscellaneous documents and analytical material pertinent to the compilation and documentation of technological, automation, and economic data.

*Other services, \$585,000*

The estimate will provide (1) \$450,000 for research and analytical contracts with both private and Federal agencies required to carry out certain of the basic mandates of the legislation (see attachment No. 1 for explanation), (2) \$120,000 reimbursement to the Department of Labor for performing all budget, payroll, accounting, auditing, and service functions for the Commission during its 16-month lifespan (included is \$75,250 for the equivalent of 6 man-years of personnel compensation and benefits, \$34,750 for working capital fund service function assessments, and \$10,000 for liquidation costs, e.g., lump sum payments, and moving and dismantling costs, document and file classification and storage, etc.), (3) \$5,000 for miscellaneous local contracts and services required for day-to-day operations, e.g., outside contracts for special IBM tabulations, exhibit services, etc., and (4) \$10,000 for court reporting services in connection with Commission hearings, 50 days, at \$200 per day.

*Supplies and materials, \$2,600*

Since the majority of desk-top supplies and materials will be financed through the working capital fund, this estimate represents the cost of acquiring necessary supply items, basically at field locations, while the Commission is holding hearings and conducting on-site surveys of and visits to selected industries.

*Equipment, \$8,000*

The estimate will permit the acquisition of basic equipment for the Commissioners and Federal staff, not available from surplus stock, or 24 staff at about \$340 per employee.

*Summary of new positions*

## Activity 1. Commission staff:

1 GS-18 executive secretary-----	\$20,000
2 GS-15 staff assistants-----	31,330
1 GS-14 attorney-----	13,615
2 GS-13 staff assistants-----	23,450
1 GS-12 administrative assistant-----	9,980
1 GS-9 secretary-----	7,030
2 GS-6 secretaries-----	10,470
Total (10)-----	<u>115,875</u>

## ATTACHMENT No. 1

## EXPLANATION OF CONTRACT RESEARCH COSTS

Among the specific subjects which probably would be handled through contractual research assignments to university, academican, public and private research agencies are the following (the cost estimates are based on our best judgments):

Measuring technological change: How can we measure the extent, pace and effects of technological change?-----	\$25,000
Fields of change: In what significant sectors of the economy have there been little technological change—and in which of these is continued slow change likely as against those in which substantial change is imminent?-----	55,000
Extending change: What factors determine how rapidly new technology is extended within sectors in which it is already used?-----	35,000
Estimating future impact: To meet the specific requests set forth in the act, what will be the impact of change upon production, job content, employment, etc., "likely to occur in the next 10 years," by industry, occupation, and geographic areas?-----	75,000
Preparing for change: How can we improve techniques for "early warning" of impending major changes?-----	30,000
Potential for growth: What major new opportunities for economic and employment expansion are possible from new technological advances or breakthroughs in the near horizon—and what policies are necessary to realize such opportunities?-----	70,000
Stimulating technological advance: How do you develop and accelerate technological innovations?-----	50,000
Meeting adverse effects: How shall we shoulder responsibility (public as against private roles) in meeting social and economic dislocations stemming from technological change?-----	25,000
Revising educational programs: How shall we adapt educational and training institutions to assist our people in adjusting to an increasingly automated society?-----	45,000
Adapting worktime practices: Is advancing technology likely in the near future to stimulate major changes in work-hour patterns, such as increasing of operations on continuous schedules and greater departure from customary daytime work hours?-----	40,000
Total-----	450,000



## ATTACHMENT No. 2

## NATIONAL COMMISSION ON TECHNOLOGY, AUTOMATION, AND ECONOMIC PROGRESS

Item	Number of positions	GS grade	Annual salary	Fiscal year 1965 cost	Fiscal year 1966 cost	Total 16-month cost
<b>Full-time staff:</b>						
Executive secretary.....	1	18	\$20,000	\$16,600	\$10,000	\$26,600
Staff assistant.....	2	15	31,330	26,004	15,665	41,669
Attorney.....	1	14	13,615	11,300	6,868	18,108
Staff assistant.....	2	13	23,450	19,464	11,725	31,189
Administrative assistant.....	1	12	9,980	8,283	4,990	13,273
Secretary.....	1	9	7,030	5,835	3,515	9,350
Do.....	2	6	10,470	8,690	5,235	13,925
<b>Total permanent.....</b>	<b>10</b>		<b>115,875</b>	<b>96,176</b>	<b>57,938</b>	<b>154,114</b>
Benefits.....				7,224	4,362	11,586
Overtime pay.....				3,000	2,000	5,000
Consultants, when actually employed.....				16,000	0,000	25,000
Benefits, overtime.....				250	150	400
Benefits when actually employed.....				550	250	800
Pay raise costs.....				4,700	2,800	7,500
<b>Total staff compensation.....</b>				<b>127,900</b>	<b>76,500</b>	<b>204,400</b>
Travel.....				8,000	2,000	10,000
Rent and communications.....				10,000	5,000	15,000
Printing and reproduction.....				3,003	52,000	55,000
Other services.....				3,000	2,000	5,000
Supplies.....				2,100	500	2,600
Equipment.....				8,000		8,000
<b>Total.....</b>				<b>162,000</b>	<b>138,000</b>	<b>300,000</b>

This is part 1 of activity I. The estimate is based upon September 1, 1964 activation, or 10 months in fiscal year 1965 and 6 months in 1966. Current (July 1, 1964) salary rates are used adjusted to new rates less 10 percent mandatory absorption. The consultant compensation (\$25,000) will permit the equivalent of about 1¼ man-years of employment (5 WAE at one-fourth time) at \$75 per diem and the full-time staff compensation and benefits will allow 13.3 man-years of employment (8.3 man-years in 1965 and 5 man-years in 1966). The nonlabor estimates are discussed under "Explanation of Estimate by Object."

Item	Number of positions	GS grade	Annual salary	Fiscal year 1965 cost	Fiscal year 1966 cost	Total 16-month cost
<b>National Commission costs:</b>						
Compensation.....				\$45,000	\$25,000	\$70,000
Benefits.....				1,500	500	2,000
Travel, commissioners.....				16,000	4,000	20,000
Hearing space.....				3,500	1,500	5,000
Reporting services.....				7,000	3,000	10,000
Subcommittee travel.....				7,000	3,000	10,000
Commission space.....				8,000	5,000	13,000
<b>Total.....</b>				<b>88,000</b>	<b>42,000</b>	<b>130,000</b>

This is part 2 of activity I. The estimate will provide \$100 per diem compensation for 14 Commissioners, or \$5,000 per Commissioner for about 50 days each of employment while engaged in Commission work. The nonlabor estimates are outlined under "Explanation of Estimate by Object."

Item	Number of positions	GS grade	Annual salary	Fiscal year 1965 cost	Fiscal year 1966 cost	Total 16-month cost
Department of Labor administrative support:						
Personnel compensation.....				\$43,000	\$27,000	\$70,000
Personnel benefits.....				3,150	2,100	5,250
Rent, communications.....				3,000	2,300	5,300
Printing and reproduction.....				8,000	5,000	13,000
Other services.....				5,000	3,000	8,000
Supplies.....				5,350	3,100	8,450
Liquidation costs.....					10,000	10,000
Total.....				67,500	52,500	120,000

This is part 3 of activity I. The estimate will provide reimbursement to the Department of Labor for performing administrative service functions for the Commission during the 16 months' lifespan. The compensation and benefits will permit the equivalent of about 6 man-years of employment (about 12 employees at one-half time). The nonlabor estimates relate entirely to services and functions financed, on an assessment basis, through the working capital fund operation for the Commission. Included is a \$10,000 estimate relating to liquidation costs of the Commission upon its deactivation January 31, 1966.

Item	Number of positions	GS grade	Annual salary	Fiscal year 1965 cost	Fiscal year 1966 cost	Total 16-month cost
Contract research.....				\$400,000	\$50,000	\$450,000
Total.....				717,500	282,500	1,000,000

This is activity II. See attachment 1 for rationalization.

Item	Number of positions	GS grade	Annual salary	Fiscal year 1965 cost	Fiscal year 1966 cost	Total 16-month cost
Personnel compensation.....				\$164,876	\$96,738	\$261,614
Personnel benefits.....				9,524	5,262	14,786
Travel.....				31,000	9,000	40,000
Rent, communications.....				21,500	11,500	33,000
Printing and reproduction.....				3,000	52,000	55,000
Other services.....				10,000	5,000	15,000
Services of other agencies.....				467,500	102,500	570,000
Supplies.....				2,100	500	2,600
Equipment.....				8,000		8,000
Total.....				717,500	282,500	1,000,000

This identifies the overall estimate between estimated costs for fiscal year 1965 and fiscal year 1966 by object.

*Activity*

Item	Number of positions	GS grade	Annual salary	Fiscal year 1965 cost	Fiscal year 1966 cost	Total 16-month cost
No. 1.....	-----	-----	-----	\$317,500	\$232,500	\$550,000
No. 2.....	-----	-----	-----	400,000	50,000	450,000
Total.....	-----	-----	-----	717,500	282,500	1,000,000

This identifies the activities between estimated costs for fiscal year 1965 and fiscal year 1966.

## COMMISSION TO STUDY PROBLEMS OF TECHNOLOGY AND AUTOMATION

Mr. RUTTENBERG. Yes. The President's message to Congress earlier this year asked that there be established a National Commission on Technology, Automation, and Economic Progress. The House passed a bill on July 21. The Senate passed the bill on July 31 with some differences and the House and Senate agreed on August 4 and the bill went to the President and the bill will be signed tomorrow.

It creates a 14-member private Commission of non-Government people, broadly representative of the general public, to study the problems of the trends in technology, and automation, and longrun impact upon the American economy, and the method and means that might be developed to transfer technological knowledge that is developed in the military and elsewhere in the country to a more diversified group of industries and then to make specific recommendations to the Congress in terms of how one would promote technological change, how you would facilitate occupation adjustment and geographic mobility of workers, and methods and means of preventing and alleviating the adverse effects of changes on displaced workers.

## AUTHORIZATION AND BUDGET REQUEST

The authorization in the bill is for \$1 million and the budget request which we are submitting with a longer document attached to my statement justifies the million dollars in some detail. I would be glad to answer any questions you would like to ask, Mr. Chairman.

Chairman HAYDEN. May we inquire whether the full amount asked is necessary to be made this fiscal year.

## TERMINAL DATE OF COMMISSION

Mr. HUDSON. I think the important thing here, Mr. Chairman, is that the Commission is a terminal one. It will finish its work and report to the Congress by January 1, 1966. It will have another month beyond that to finish up its work, but it is a one-shot affair.

It is not a permanent organization. It will be created very shortly and it will function for about 9 months during the current fiscal year and for about 7 months during fiscal year 1966, so the request here is for a million dollars for the entire 16-month period covering part of this fiscal year and part of next fiscal year.

Senator ELLENDER. This would be the whole appropriation?

Mr. HUDSON. The whole appropriation.



Senator ELLENDER. I hope that this does expire within the term set in the bill. Usually they don't.

Mr. HUDSON. It would require an act of Congress, of course, to extend it.

## CONTRACT WORK

Senator ELLENDER. I know that, but they usually come back. I notice here you have \$450,000 for contract work. That will be let to colleges?

Mr. RUTTENBERG. It would be let to a variety of groups, to university and academic people, to private research organizations like the Stanford Research Institute, or Battelle Institute, or the Denver Research Institute. It in part may very well turn out that the Commission might decide to have a contract with a private corporation that has some technicians or scientists and engineers that might do some of the specific types of work.

If you look, Senator Ellender, at the fifth page from the rear—unfortunately, they are not numbered, but it is attachment No. 1 beyond NAC-16, the page next to NAC-16—it would be 17 if they were numbered—you will see a detailed outline of specific projects, some 10 or 11 in number, with the amounts that would be involved in contract research for each.

Senator ELLENDER. I see you have here about nine different studies. Who is going to do the selecting?

## COMMISSION APPOINTMENT AND PERSONNEL

Mr. RUTTENBERG. The selection will be done by the Commission. The Commission is to be appointed by the President with confirmation of the Senate and the Executive Director.

Senator ELLENDER. I notice that you are asking for 10 positions.

Mr. RUTTENBERG. Yes, sir.

Senator ELLENDER. Is that throughout the life of this?

Mr. RUTTENBERG. That is throughout the life of the Commission, the 10 full-time positions.

Senator ELLENDER. Will the people who fill these positions be the ones analyzing the studies made by these universities?

Mr. RUTTENBERG. Yes, sir.

Senator ELLENDER. Will that be their purpose?

Mr. RUTTENBERG. That would be their purpose, plus aiding the Commission in drafting and writing the final report and recommendations to the Congress.

Senator ELLENDER. Can you assure us that this can be all done within the limitation provided in the statute?

Mr. RUTTENBERG. In my judgment and the judgment of the Secretaries of Labor and Commerce who have been most actively involved in this with the Executive Office of the President, it is our judgment that it can be done in that period of time; yes, sir.

## SINGLE BUDGET REQUEST

Senator ELLENDER. The money you are now asking for will be the amount required to hold you out.

Mr. RUTTENBERG. To finish the entire job.

Senator ELLENDER. Without having to come back to Congress?

Mr. RUTTENBERG. And to terminate its work. This is the hope.

Senator ELLENDER. Don't say hope. Let's make it according to law.

Mr. RUTTENBERG. According to the law. I shouldn't say hope. I would take that back. My own feeling is, as I said, sir, that it can be.

Senator ELLENDER. And will be done.

Mr. RUTTENBERG. And will be done.

Senator ELLENDER. Good; that is the direct testimony we like to hear.

Chairman HAYDEN. We thank you for your appearance.

Mr. RUTTENBERG. Thank you.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

PUBLIC HEALTH SERVICE

COMMUNITY HEALTH PRACTICE AND RESEARCH

STATEMENT OF DR. BURNET M. DAVIS, CHIEF, DIVISION OF  
COMMUNITY HEALTH SERVICES

1965 SUPPLEMENTAL BUDGET REQUEST

Chairman HAYDEN. The next item for consideration is a supplemental request in the amount of \$5 million for community health practice and research, Public Health Service, transmitted in House Document 343.

The prepared statement and accompanying justification will be inserted in the record.

(The information referred to follows:)

STATEMENT BY THE CHIEF, DIVISION OF COMMUNITY HEALTH SERVICES, PUBLIC HEALTH SERVICE, ON BUDGET SUPPLEMENTAL FOR COMMUNITY HEALTH PRACTICE AND RESEARCH

Mr. Chairman and members of the committee, I am pleased to be here today to recommend a supplemental appropriation of \$5 million. We propose to carry out a referral and counseling program for young men medically rejected for military service by the Selective Service System.

Present estimates indicate that approximately 355,000 young men will be rejected for medical reasons during the next 12 months. In many cases the individual will have had no previous knowledge of the reason for which he is rejected. In other instances the rejecting defects will be known, but for one reason or another, the individual will not have received care for the condition. Health, medical, and rehabilitation services, both private and public, are presently available in some degree in every community in the United States. The problem is one of informing these young men of their cause for rejection, and then through careful counseling, to motivate them to seek necessary health services, and to help guide them to the proper source available in or near the community in which they live. Thus, we are seeking to refer a known problem to an available resource.

We propose a program to provide referral and counseling services at each Armed Forces examining station, to help those individuals who have been rejected for medical reasons to understand the reasons for their rejection, and to provide counseling, referral, and followup in their local communities. Our program will also include the use of professional skills and facilities of Federal and State vocational rehabilitation agencies to provide similar services for those rejectees who can benefit from such rehabilitation programs.

We are looking to the States and communities, in cooperation with the Armed Forces examining station for responsibility for the conduct of this program. We, in cooperation with the Vocational Rehabilitation Administration and the Selective Service System, will develop guidelines for the formulation of the national program and its operation. The funds which are requested will provide for a program conducted by the States, encompassing activities at the State level, at Armed Forces examining stations, and in local communities. The size and type of program in each State would differ, according to its specific needs.

In addition, the funds requested will support staff at headquarters and in our regional offices to provide overall program formulation, direction, and coordination, and to provide assistance to States in undertaking this program. These



funds will also support projects to discover and promote new and improved methods of providing referral services and of assisting rejectees to take full advantage of the referral services.

Thus, this program will identify individuals rejected for medical reasons and through counseling and referral provide maximum opportunity for the utilization of community resources to correct their defects. If the rejectee can be made aware of his condition and have it corrected, it will enable him to be a more effective citizen and provide him a better opportunity to become a self-supporting individual.

“DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

“PUBLIC HEALTH SERVICE

“COMMUNITY HEALTH PRACTICE AND RESEARCH

“For an additional amount for ‘Community Health Practice and Research’, \$5,000,000.”

*Amounts available for obligation*

	1964 appropriation	1965 presently available	1965 revised estimate	Increase
Appropriation.....	\$29,608,000	\$22,613,000	\$27,613,000	\$5,000,000
Transferred to “Salaries and expenses, Office of the Surgeon General”.....	-3,000	0	0	0
Comparative transfer from “Salaries and expenses, Office of the Surgeon General”.....	18,000	0	0	0
Proposed transfer from “National Heart Institute”.....	67,000	0	0	0
Total available for obligation.....	29,690,000	22,613,000	27,613,000	5,000,000
Estimated unobligated balance.....	-31,000	0	0	0
Total obligations.....	29,659,000	22,613,000	27,613,000	5,000,000

*Obligations by activity*

Description	1964 appropriation		1965 presently available		1965 revised estimate		Increase	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
<b>I. Grants:</b>								
(a) Research.....		\$2,752,000		\$2,720,000		\$2,720,000		0
(b) Formula grants to States (general health).....		14,000,000		10,000,000		10,000,000		0
(c) Training.....		8,095,000		4,000,000		4,000,000		0
(d) Migrant health services.....		1,500,000		2,500,000		2,500,000		0
Research, training, and technical services.....	287	3,312,000	287	3,393,000	305	8,393,000	18	\$5,000,000
(a) Medical care administration and health economics.....	75	997,000	75	1,027,000	75	1,027,000	0	0
(b) Public health administration.....	79	863,000	79	887,000	97	5,887,000	18	5,000,000
(c) Health communications.....	20	235,000	24	299,000	24	299,000	0	0
(d) Health services for migrant workers.....	45	500,000	45	500,000	45	500,000	0	0
(e) Community health manpower operations and evaluation.....	28	274,000	24	227,000	24	227,000	0	0
(f) Program direction services for regional offices.....	40	443,000	40	453,000	40	453,000	0	0
Total obligations.....	287	29,659,000	287	22,613,000	305	27,613,000	18	5,000,000

## Obligations by objects

	1964 appropriation	1965 presently available	1965 revised estimate	Increase
Total number of permanent positions.....	287	287	305	18
Full-time equivalent of all other positions.....	10	10	10	0
Average number of all employees.....	276	284	297	13
Number of employees at end of year:				
Permanent positions.....	281	281	299	18
Other.....	28	28	28	0
11 Personnel compensation.....	\$2,203,400	\$2,300,400	\$2,405,400	\$105,000
12 Personnel benefits.....	261,000	267,000	274,000	7,000
21 Travel and transportation of persons.....	243,000	234,000	239,000	5,000
22 Transportation of things.....	16,000	13,000	13,000	0
23 Rent, communications, and utilities.....	65,000	67,000	70,000	3,000
24 Printing and reproduction.....	35,000	25,000	28,000	3,000
25 Other services.....	185,000	156,000	157,000	1,000
Services of other agencies.....	17,000	17,000	17,000	0
Research contracts.....	70,000	94,000	174,000	80,000
Contracts with State agencies.....	0	0	4,785,000	4,785,000
Payment to:				
"Bureau of State Services management fund".....	146,600	157,600	161,600	4,000
"National Institutes of Health manage- ment fund".....	37,000	37,000	37,000	0
26 Supplies and materials.....	40,000	41,000	43,000	2,000
31 Equipment.....	33,000	24,000	29,000	5,000
41 Grants, subsidies, and contributions.....	26,307,000	19,180,000	19,180,000	0
Total obligations.....	29,659,000	22,613,000	27,613,000	5,000,000

## Summary of changes

	Positions	Amount
Presently available 1965.....	287	\$22,613,000
Revised estimate 1965.....	305	27,613,000
Increase.....	+18	5,000,000
1. Research, training, and technical services.....	18	5,000,000
Total increase.....	18	5,000,000

## GENERAL STATEMENT

An additional \$5 million is requested to carry out a referral and counseling program for young men rejected for military service by the Selective Service System for medical reasons. The amended request for 1965 is \$27,613,000 and provides for an increase of \$5 million over the original budget estimate of \$22,613,000. A comparison of the amounts presently available and the revised request is as follows:

Activity	President's budget, 1965	Revised request	Increase
Research grants.....	\$2,720,000	\$2,720,000	-----
Formula grants to States (general health).....	10,000,000	10,000,000	-----
Training grants.....	4,000,000	4,000,000	-----
Migrant health services.....	2,500,000	2,500,000	-----
Research, training, and technical services.....	3,393,000	8,393,000	\$5,000,000
Total.....	22,613,000	27,613,000	5,000,000

The President's Task Force on Manpower Conservation recommended in their report "One-third of a Nation" that the Public Health Service develop a program designed to refer medical rejectees on a voluntary confidential basis to local public or private community facilities for comprehensive health services. President Johnson, in releasing the report of the task force, stated that he wishes " \* \* \* to see an America in which no young person, whatever the circumstances, shall reach the age of 21 without the health \* \* \* that will give him an opportunity to be an effective citizen and a self-supporting individual." The program we propose is directed toward that goal. The Selective Service System provides us with a unique opportunity to identify young men who are in need of medical care. But except for those with tuberculosis or venereal disease, no consistent procedure exists to refer such rejected individuals for care to appropriate medical facilities.

The Public Health Service is currently supporting two projects designed to demonstrate the value of a system of referral and field followup of selective service rejectees with the local health department as the key coordinator and making maximum use of existing community resources by means of a variety of administrative devices. The findings of these projects, sponsored by the Medical and Health Research Association of New York City, Inc., and the Philadelphia Department of Public Health, will serve as guidelines for development of referral and counseling services in other communities.

This program is also based on the estimated workload of the Armed Forces examining stations in 1965. It assumes that 355,000 young men will be rejected for medical reasons. Of these, it is estimated that 89,000 will not require referral to a source of medical care because such care is obviously not needed; 66,000 will already be under private care; and 67,000 will not respond to the program, leaving 133,000 who will receive counseling, referral, and followup.

The increase requested will provide for a program of statewide referral, followup, and evaluation of results for selective service medical rejectees. This program will be established and administered through a contractual agreement with a single State agency to be designated by the Governor of each State. The program will have three basic components, in addition to the overall program direction, coordination, development, and guidance which we will provide from headquarters and the regional offices. The magnitude and composition of the program in each State would vary in scope according to particular needs.

(1) *State*.—In the designated State agency in each State, a staff will establish and direct the statewide program, establish the requisite professional and supporting staff in each Armed Forces examining station in the State, and provide for referral of rejectees to local health agencies for counseling, further referral, and followup.

(2) *Armed Forces examining station*.—A staff at the AFES in each of the 73 stations will provide immediate review of the record of each rejectee, determine those rejectees for whom health services are indicated, counsel briefly each rejectee to explain the reason for the rejection and the importance of referral, and forward records of each referred case to the local agency for its use in further counseling, referral and followup.

(3) *Local agency*.—A competent local agency would be responsible for contacting the rejectee, assuring his understanding of the medical and dental finding, emphasizing the value of indicated care and assuring his finding of the appropriate resources within his community. Where local resources do not exist for this referral action, it may be necessary for the State agency to organize this action either on a State or district basis.

The increase of \$5 million requested to undertake this program will be used as follows:

(1) Approximately \$2,223,000 to provide a staff of one to three professional persons with clerical support at the State level to provide program coordination and direction as described.

(2) Approximately \$1,232,000 to provide an average of 1½ man-years of professional staff (public health nurse or medical social worker) and 1 man-year of clerical staff at each AFES.

(3) Approximately \$1,330,000 to provide an average of three hours of professional staff time to each rejectee by a local health agency. This would include those cases in which home visits and followup are necessary.

(4) Approximately \$215,000 for a staff of 18 professional and supporting personnel in headquarters and in the regional offices to provide (a) overall program formulation, direction and coordination; (b) promotion of the referral program; (c) assistance to States initiating programs; (d) establishment and



coordination of nationwide statistical and financial reporting systems; and (e) liaison with the designated State agencies, Department of Defense, the Selective Service System, and voluntary and official agencies. This will also allow approximately \$80,000 for contracts to support research and demonstration projects to discover and promote new and improved methods of providing this referral service and new and improved methods of motivating rejectees to take full advantage of this referral service.

*New positions requested, fiscal year 1965*

Research, training, and technical services	Grade	Annual salary
<b>Headquarters:</b>		
Statistician.....	GS-14.....	\$13,624
Public health program specialist.....	GS-13.....	11,731
Do.....	GS-12.....	9,984
Do.....	GS-11.....	8,424
Statistical clerk.....	GS-6.....	5,242
Clerical assistant (4).....	GS-3.....	15,560
Commissioned officers: Director grade.....		14,760
<b>Field:</b>		
Public health program specialist (5).....	GS-13.....	58,655
Clerical assistant (3).....	GS-5.....	11,670
Total new positions (18).....		149,650

REFERRAL AND COUNSELING PROGRAM FOR MILITARY SERVICE REJECTEES

Chairman HAYDEN. You may proceed, Dr. Davis.

Dr. DAVIS. Senator, I am Dr. Davis, Chief of the Division of Community Health Services. Mr. Chairman, I am very glad to be here today to present this request for a supplemental appropriation. I have a brief statement which has been given to you which I will be glad to have placed in the record and I will merely summarize it because I know the hour is late and you have a great deal to do.

This proposal is to carry out a referral and counseling program for young men medically rejected for military service by the Selective Service System. The present estimates from Selective Service indicate that approximately 355,000 young men will be rejected for medical reasons during the next 12 months.

The problem is one of informing these young men of the cause for rejection and then through careful counseling to motivate them to seek the necessary health services and to help guide them to the proper source available in or near the community in which they live.

Senator ELLENDER. Would this be for advice only?

Dr. DAVIS. Yes, sir.

TREATMENT OF REJECTEES

Senator ELLENDER. No treatment of any kind?

Dr. DAVIS. This would not finance any of the treatment, but would steer them to the proper source of treatment for the kind of condition which they suffer from.

Senator ELLENDER. You are going to get your information as to each patient or each boy from Selective Service?

Dr. DAVIS. From the Selective Service examinations, yes. We would make arrangements with a State health agency, usually the State health department, to finance the programs being carried out by the State, using Federal funds on a contract basis so that the bulk of the fund, as you see here, is for—

Senator ELLENDER. Matching.

Dr. DAVIS. No; contracts for funds on a hundred percent basis Federal funds, to provide just the counseling and referral service.

The necessary care will be handled through whatever resources are available locally, and of course one of the major resources would be the matching Federal grant program, such as the medical care programs and the State vocational rehabilitation programs.

Senator ELLENDER. This whole amount you are asking for, as I understand, is to give the boys rejected advice as to what they should do to improve their health?

#### ADVICE AND ASSISTANCE

Dr. DAVIS. Yes, sir. It goes a little farther than that. It will provide them with advice and then assistance in actually finding the necessary resource.

Senator ELLENDER. What do you mean by assistance? Finding a place where they can get treatment?

Dr. DAVIS. Helping them find a place, yes, and we have the problem in the rural areas there may be only a general practitioner available. They may need some specialized service and need some help in identifying the place where they might go to get this particular service.

In big cities we have a multiplicity of services and this may be quite confusing to know where to go to get the kind of cure necessary, so this kind of followup care or followup assistance would be provided by the local health agency or the local health department or by the visiting nurse association under contract with the State health department.

#### PERSONNEL

Senator ELLENDER. How many positions are you providing for?

Dr. DAVIS. We are asking for only 18 positions on the Federal payroll, which represents less than 3 percent of the funds we are asking for.

Senator ELLENDER. Would those be local on the Washington level?

Dr. DAVIS. Ten of those would be in Washington and eight would be in our regional offices.

Senator ELLENDER. Which have already been established?

Dr. DAVIS. Yes, we already have these regional offices. They are the regional offices of the Department of HEW in which the PHS has a staff.

#### BREAKDOWN OF BUDGET REQUEST

Senator ELLENDER. How much of the \$5 million that you are asking for would be turned over to the local State agencies?

Dr. DAVIS. \$2,223,000 would go for direct operations at the State level, which would include organizing the service in the State, working out the arrangements with the Armed Forces examining station, which involves two stations, and then \$1,200,000 would go for the staff at the examining stations for the preliminary counseling with the young men, and then \$1,300,000 would be for local followup at the local level, his hometown, and through contracts with the local health department or local voluntary agency, so of the \$5 million, \$4,800,000 roughly goes for contractual services.

Senator ELLENDER. You have about \$75,000 left.

Dr. DAVIS. It is \$135,000 for direct Federal activity.

## SUPPLEMENTING UNEMPLOYMENT PROGRAM

Senator ELLENDER. Will that, in any manner, conflict with this program that we passed the other day in order to rehabilitate young men who are out of work?

Dr. DAVIS. No, sir.

Senator ELLENDER. Will it supplement it?

Dr. DAVIS. This will supplement it. It will make it possible to find the causes of rejection, to inform the young men of the causes of rejection, and to help them get the corrective services necessary.

Senator ELLENDER. It is entirely possible that many of these rejectees may find a way to be rehabilitated through this new program?

Dr. DAVIS. Oh, yes, sir.

Senator ELLENDER. Thank you.

Dr. DAVIS. Thank you.

Chairman HAYDEN. There will be inserted in the record at this point a statement from Senator Bartlett urging the provision of \$2 million for dredging Homer, Valdez, Seward, and Cordova Harbors, damaged in the Alaska earthquake.

## DREDGING HOMER, VALDEZ, SEWARD, AND CORDOVA HARBORS IN ALASKA

STATEMENT BY HON. E. L. (BOB) BARTLETT, A U.S. SENATOR FROM THE STATE OF ALASKA

(The statement referred to follows:)

Mr. Chairman, the request I am making for inclusion of funds in the supplemental bill for completion of small boat harbors at Seward, Valdez, Homer, and Cordova is based on the belief that such an appropriation will save the taxpayers from one-quarter to one-half million dollars, and perhaps more.

This is the situation:

The small boat harbors at Seward, Valdez, and Homer were completely destroyed in the March 27 earthquake. At Cordova, the land raised several feet and made the small boat harbor there, for all practical purposes, almost completely unusable. The fishing effort in Alaska was badly hurt because of the destruction and damage of these four anchorages.

On May 25 of this year, President Johnson sent a deficiency request to Congress of \$5.6 million for replacement, repair, and modification of civil works projects damaged or destroyed by the earthquake. This request was made in the same document asking for reconstruction funds for the Alaska Railroad and other Federal projects which had been damaged or destroyed. At the time the deficiency bill was considered, authorization for the modification of the destroyed or damaged harbors did not exist.

It will be recalled that there was considerable discussion of this item when the full committee met on the deficiency bill. Although there was general sympathy regarding the need for the appropriation, it was decided that favorable action could not be taken because of lack of authorization. The Senate's report subsequently stated: "Since, at this time, there is no authority for the appropriation of the funds requested, the committee *deferred consideration of this item until authorization has been secured.*" [Emphasis supplied.]

That authorization, Mr. Chairman, is contained in S. 2881, the Alaska Omnibus Act, which is now before the President. That act authorizes the Corps of Engineers to make modifications in previously authorized civil works projects in Alaska, where it is found that such modifications are necessary to overcome the adverse effects of the earthquake. These modifications would include such reasonable expansions to the harbors that may be economically feasible to meet the prospective needs of the communities. The authorized amount in the act is \$10 million.

The original request made in connection with the deficiency appropriation bill of \$5.6 million was broken down as follows:



Homer Harbor.....	\$1, 500, 000
Seward Harbor.....	2, 000, 000
Valdez Harbor.....	1, 100, 000
Dredging Orca Inlet.....	500, 000
Investigating damage to existing harbors and repairing.....	500, 000
Total.....	5, 600, 000

The dredging of Orca Inlet near Cordova was required because of the land tilt previously mentioned which lifted the Orca Inlet area several feet, making, at low tides, the inlet impassable by the fishing fleets.

Soil and other conditions at Homer, Seward, and Valdez have made it necessary to move the harbors to new sites and enlarge them. Following the original request of \$5.6 million, the Office of Emergency Planning under terms of the disaster law, Public Law 875, determined that it could transfer to the Corps of Engineers \$4,100,000 to be used by the corps for dredging Orca Inlet and building harbors at new sites in Valdez, Homer, and Seward to the size previously authorized. The Public Works Appropriation Act now at the White House carries the \$500,000 for investigation of possible damage to existing harbors.

However, \$1½ million is now needed to permit dredging to larger sizes of the three harbors to be relocated at Seward, Homer, and Valdez. In addition, it is urgently requested that \$500,000 be made available to expand the Cordova small boat harbor. Funds to dredge the inner authorized harbor at Cordova have been allocated by the Corps of Engineers for maintenance funds available to it. Prior to the earthquake, many fishing boats—ranging between 80 and 100, I am advised—found anchorage in a slough in Cordova which is now high and dry due to the uplift of the land. These boats have no anchorage space. Since authority exists under the Alaska Omnibus Act to modify existing harbors, it is my hope that at the time the existing small boat harbor at Cordova is dredged to its original depth the same equipment can dredge an expanded area to accommodate the fishing vessels formerly moored in the slough. Therefore, I am requesting a total of \$2 million to permit dredging to larger sizes of the small boat basins, as follows:

Homer Harbor.....	\$600, 000
Valdez Harbor.....	400, 000
Seward Harbor.....	500, 000
Cordova Harbor.....	500, 000
Total.....	2, 000, 000

Bids have been accepted for the dredging of Orca Inlet, the dredging of the inner basin at Cordova and the work at Homer, Seward, and Valdez. Dredges are now or soon will be on location to perform the work. The dredging can proceed through the fall and winter. If the funds are now made available and the options given the contractors on the expanded dredging can be exercised, the dredges will be kept in Alaska. Otherwise, probably two dredges at a minimum and more likely three or four dredges will be required to perform the additional work next year. These dredges are privately owned and will be returned to the lower 48 States when the work on the harbors is completed. The Corps of Engineers advises me that costs of moving dredges to and from Alaska, including wages for tug and dredge crews, etc., range between \$100,000 to \$250,000 each.

It would, therefore, seem to me to be the better part of wisdom to make available the \$2 million now so that the expansion work can be performed at the time the other harbor work is underway. Otherwise, next year, the expansion estimate of \$2 million could well increase to \$2¼ million or even \$2½ million because of the dredge problem. I urge, therefore, that the \$2 million be made available.

## NATIONAL CLEARINGHOUSE FOR SMOKING AND HEALTH

U.S. SENATE,  
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,  
August 17, 1964.

HON. CARL HAYDEN,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR HAYDEN: I am enclosing a statement I would like to have included in the hearings on the proposal to establish a national clearinghouse for smoking and health.

With every good wish, I am,  
Sincerely,

HERBERT S. WALTERS.

STATEMENT OF HON. HERBERT S. WALTERS, A U.S. SENATOR FROM THE STATE OF  
TENNESSEE

Mr. Chairman, it has been called to my attention that included in the supplemental appropriations request of the Department of Health, Education, and Welfare is an item totaling \$1,920,000 which would establish a national clearinghouse for smoking and health.

While I am sure that the basic intent of those who are sponsoring this proposal was clearly in the interest of the public health, I do not agree with them as to the method they have suggested. If we adopt and support a national clearinghouse for smoking and health, it would seem to me logical that we would set up a national clearinghouse for driving and health, a national clearinghouse for drinking and health, a national clearinghouse for eating and health. Statistics will bear me out when I say that injuries to health directly attributable to drinking, driving, and improper diet are far in excess in each of these categories of those directly attributable to smoking. So would it be wise to establish clearinghouses for each of these?

Mr. Chairman, these are ludicrous examples, but to me it is equally ludicrous that we would spend almost \$2 million to set up a task force that would be little more than a propaganda agency distributing "scare material" on tobacco. Surely our \$2 million would be better spent in an effort to determine once and for all through medical research the agents, if any, that are harmful in tobacco and the proper way to reduce this danger.

Our national health is of course of prime concern to all and every dollar wisely spent in protecting it brings dividends through a happier, healthier, more productive nation. I do not see though that sending out a squadron on a mission of windmill jousting is going to result in anything but waste and confusion.

I understand that this committee has approved an appropriation of \$1 million for tobacco research by the Department of Agriculture during the current fiscal year.

It is this type of expenditure that I believe can bring us the best return for our money. I would support additional funds in this direction and I would endorse any movement to increase the amount for basic medical and farm research on tobacco and smoking. I respectfully request that the committee deny the appropriations for purposes stated by the Department of Health, Education, and Welfare.

COMMITTEE RECESS

Chairman HAYDEN. The committee will recess subject to the call of the Chair. Thank you.

Dr. DAVIS. Thank you.

(Whereupon, at 12:47 p.m., Tuesday, August 18, 1964, the committee recessed subject to the call of the Chair.)





# THE SUPPLEMENTAL APPROPRIATIONS BILL FOR 1965

TUESDAY, SEPTEMBER 22, 1964

U.S. SENATE,  
COMMITTEE ON APPROPRIATIONS,  
*Washington, D.C.*

The committee met at 10:30 a.m., pursuant to notice, in room 1223, New Senate Office Building, Hon. John O. Pastore temporarily presiding.

Present: Senator Pastore, Chairman Hayden, Senators Robertson, Stennis, Monroney, Bible, Saltonstall, Young, Kuchel, and Allott.

## DEPARTMENT OF THE INTERIOR

### BUREAU OF LAND MANAGEMENT

#### STATEMENTS OF CHARLES H. STODDARD, DIRECTOR, AND JAMES P. BEIRNE, ASSISTANT DIRECTOR, ADMINISTRATION

##### BUDGET ESTIMATES

Senator PASTORE. If you ladies and gentlemen are ready, we are resuming testimony on the supplemental appropriation bill for 1965, considering this morning estimates transmitted by the President September 18, 1964, including funds for certain agencies of the Department of the Interior, the Judiciary, and the District of Columbia.

Chairman HAYDEN. There are three items relating directly to my part of the bill which I would like to ask questions about, Mr. Chairman.

Senator PASTORE. All right, sir.

##### REHABILITATION OF BURNED-OVER PUBLIC LANDS

Chairman HAYDEN. I would like to hear from the Bureau of Land Management. The Bureau of Land Management requests an additional \$1 million for fiscal 1965 for rehabilitating public lands, primarily in Nevada, which have recently been burned over.

The justification will be printed in the record.

(The justification referred to follows:)

##### DEPARTMENT OF THE INTERIOR, BUREAU OF LAND MANAGEMENT

###### *Management of lands and resources*

Appropriation to date.....	\$45,372,000
Obligations to Aug. 31, 1964.....	\$9,966,106
Expenditures to Aug. 31, 1964.....	\$6,018,758
Request (for 9 months from Oct. 1, 1964).....	\$1,000,000
Employment:	
Average number, current appropriation (temporaries).....	3,691
Number involved, this estimate.....	20
Actual employment, Aug. 31, 1964.....	4,249

*Object classification*

[In thousands of dollars]

	Presently available, 1965	Revised estimate, 1965	Increase
11 Personnel compensation:			
Permanent positions.....	\$22, 470	\$22, 470	-----
Positions other than permanent.....	2, 202	2, 322	\$120
Other personnel compensation.....	1, 063	1, 068	5
Total personnel compensation.....	25, 735	25, 860	125
12 Personnel benefits.....	1, 805	1, 814	9
21 Travel and transportation of persons.....	2, 650	2, 700	50
22 Transportation of things.....	952	967	15
23 Rent, communications, and utilities.....	650	658	8
24 Printing and reproduction.....	400	405	5
25 Other services.....	7, 950	8, 523	573
Services of other agencies.....	140	140	-----
26 Supplies and materials.....	3, 500	3, 650	150
31 Equipment.....	1, 650	1, 715	65
Subtotal.....	45, 432	46, 432	1, 000
Deduct quarters and subsistence charges.....	60	60	-----
Total obligations.....	45, 372	46, 372	1, 000

*Personnel summary*

	Presently available, 1965	Revised estimate, 1965	Increase
Total number of permanent positions.....	3, 223	3, 223	-----
Full-time equivalent of other positions.....	632	652	20
Average number of all employees.....	3, 691	3, 711	20
Employees in permanent positions, end of year.....	3, 223	3, 223	-----
Employees in other positions, end of year.....	1, 457	1, 457	-----

## JUSTIFICATION

*5. Soil and moisture conservation, \$1,000,000*

Supplemental funds in the amount of \$1 million are requested for fiscal year 1965 for the "Management of lands and resources" appropriation for the Bureau of Land Management. The purpose of this request is to rehabilitate burned-over public lands. An amount of \$850,000 was appropriated for this purpose in the Department of the Interior and Related Agencies Appropriation Act, 1965.

This supplemental request is brought about by a series of disastrous fires in the State of Nevada.

Nevada rangelands are experiencing one of the most critical fire seasons in recent years. The average acreage burned in the State during the last 5 years is approximately 25,500 acres, yet already this year wildfires have denuded nearly 310,000 acres of rangelands in that State, 165,000 acres of which are lands administered by the Bureau of Land Management. This critical fire season is a result of unusual conditions. Late spring weather produced heavy cheatgrass growth after early spring grazing. Then a hot, dry summer plus dry lightning storms with high hot winds set the stage for the devastation.

For the most part the burned lands are rolling to rough foothills draining into the Humboldt or Truckee Rivers. The land is dissected by steep, rugged drainages leading directly into these rivers. The soil mantle in the burned areas is shallow and loose and highly susceptible to accelerated erosion by surface runoff from normal rainfall and snowmelt. In the event of cloudbursts or a rapid snowmelt, flooding and a disastrous movement of topsoil from the burns can be expected.

Nevada has experienced serious flooding in the past in the particular river basins involved. Heavy runoff and the sediment deposition in the Humboldt and Truckee River drainages have always produced serious problems. During the 1940's and 1950's the Humboldt and Truckee River Basins experienced floods of serious magnitude. Unless something is done to prevent excessive runoff from

the large acreage of burned rangelands, a significant added hazard to an already serious condition can be expected. The public benefits in flood prevention alone to the towns of Elko, Carlin, Battle Mountain, Winnemucca, Lovelock, and Reno would support rehabilitation of the watersheds. Also, the damages from silt deposition, excessive salinity, destroyed irrigation works, and disruption of ranching and farming operations all along these river valleys cannot be overlooked. The operational capacity of Rye Patch Dam and Reservoir could be seriously jeopardized. Another factor which cannot be overlooked is that these fires are within or adjacent to substantial acreage of known infestations of the poisonous plant halogeton, and unless the burns are seeded to desirable perennial grass, it is certain that noxious and poisonous plants will invade most of the area.

Approximately 55 percent of the land (burned area) is public land administered by BLM; the balance is privately owned. These range areas supply forage for a livestock industry—the backbone of the local economy and produce water—the lifeblood of the other agricultural enterprises. Also, they are an important habitat for deer, chukkar partridge, and sage grouse, and often supply the key winter range for deer. The forage loss will affect an estimated 3,600 head of cattle using the public land. These livestock must either be disposed of or alternate feed sources obtained until the range is again producing forage. During the interim period the deer population of the area, and especially the winter migratory population, will be forced to use adjoining unburned areas which will compound the existing range management problems.

It is of paramount importance that the land be rehabilitated as early as possible following the suppression of the fire. Rehabilitation of the land is much more economical and successful because the competing vegetation has been removed and the ash covered soil is conducive to seed germination. Also, fall rains can help the new seedlings to become established.

Other land treatment practices must be initiated simultaneously to alleviate site deterioration and erosion. The development of perennial grasses through the rehabilitation program will be less susceptible to fire in future years than would the undesirable species. When rehabilitation is delayed, conservation and livestock use benefits are lost and costs are greatly increased.

Rehabilitation work has begun, utilizing the presently uncommitted portion of the \$850,000 contained in the regular appropriation act. Supplemental funds will be used to complete the balance of the fire rehabilitation in Nevada and for rehabilitation of subsequent burns occurring in the Western States. Any portion of these funds not needed for this purpose will be applied as savings to the fire suppression supplemental request.

#### PRESENTATION OF STATEMENT

Chairman HAYDEN. Mr. Stoddard, will you please submit your prepared statement for the record?

Mr. STODDARD. Yes, sir.

(The statement referred to follows:)

#### STATEMENT OF DIRECTOR STODDARD ON EMERGENCY FIRE REHABILITATION FUNDS

Mr. Chairman and members of the committee, we appreciate the opportunity to appear before this committee to discuss a supplemental budget request for \$1 million for emergency fire rehabilitation work on areas recently denuded by wild-fire in Nevada. Since July 1, nearly 310,000 acres of Nevada's rangelands have burned, 165,000 acres of which are public domain. The rehabilitation of this large acreage of burned over public lands will require the funds requested in this supplemental, plus \$350,000 of the \$850,000 provided in the regular 1965 appropriation for this purpose. The remaining funds will be used to rehabilitate areas already burned in the other Western States amounting to 25,000 acres and areas which are burned during the remainder of this fire season.

This has been one of the most critical fire years on western public lands. Late spring weather produced heavy cheatgrass growth following early spring grazing; then a hot, dry summer plus severe lightning storms with high, hot winds produced extreme fire conditions, especially in Nevada where late fires have received nationwide public attention.

It is of paramount importance that the lands be rehabilitated as early as possible. Reseeding of desirable species for watershed protection is most economical and successful at this time because the competing vegetation has been removed and



the ash-covered soil is conducive to seed germination. Also, fall rains can help new seedlings to become established. There is always the danger of noxious or poisonous weeds, such as halogeton or medusa's head rye, invading prior to the establishment of desirable species. Early reseeding will help keep out these harmful species. Furthermore, the development of perennial grasses through this rehabilitation program will make the land less susceptible to fires in future years.

To prevent site deterioration, erosion, and floods, other complementary land treatment practices such as contour ripping, check dams, and detention dams must be initiated simultaneously with the revegetation program.

The benefit from emergency fire rehabilitation work can be seen by contrast with detrimental soil and vegetation effects on untreated burned over lands. The loss of surface vegetation is only the first evidence of the often irreparable damage that results to the natural resources. Erosion of the land by runoff water and winds reduces the productivity of the land and frequently causes severe damage to downstream properties. When rehabilitation is delayed, both soil and water conservation and livestock use benefits are lost. Also, future cost of rehabilitation is greatly increased.

At the conclusion of the fire season should total rehabilitation needs not require all the funds available for fire rehabilitation, any remaining funds will be applied as savings to the fire suppression request. This arrangement will provide insurance that the Bureau can meet fire rehabilitation needs as they develop during the balance of the fire season while assuring that the supplemental request for fire suppression and fire rehabilitation in the aggregate will not exceed actual needs for these purposes.

#### OPENING STATEMENT

Chairman HAYDEN. Senator Bible, of course, is extremely interested in this matter. I turn this matter over to him.

Senator BIBLE. Has the Director made his opening statement, Mr. Chairman?

Senator PASTORE. No; he has not. The Chairman has suggested it be inserted in the record. We will do that.

Can you give us a recapitulation?

#### CRITICAL FIRE YEAR

Mr. STODDARD. Yes; we have been through one of the most critical fire years. Late spring weather with plenty of rain produced a crop of cheatgrass followed by a dry summer and heavy dry lightning storms. This caused 250 fires which burned over 310,000 acres of both public and private land. Our proposal here is to rehabilitate approximately 92,000 acres of this public domain land in order to reestablish or to establish a cover in place of the cheatgrass which was there previously and which contributed to the serious fire problem.

Now, we want to not only restore the cover to a more useful grass which has better soil conservation measures and also grazing potential, but also install a number of soil conservation, soil holding and water detention devices which will make the watershed a much more flood-proof watershed than it will be if we leave it unrehabilitated.

Senator BIBLE. Mr. Chairman, might I ask a few questions and make a short statement?

Senator PASTORE. Go ahead.

#### FIGHTING DISASTROUS NEVADA FIRES

Senator BIBLE. I first want to state to the officials of the Bureau of Land Management that my citizens are very grateful for the splendid work which has been done by the Bureau of Land Management, the Indian Service, and the Federal and State agencies, and for the fine cooperation in fighting these disastrous fires. If I am

correctly advised, the fires are the greatest that we have ever had in the State of Nevada. I think actually the brushland fires average something like 25,000 acres a year over the last 10, 15, 20 years, per year.

This, as the Director has testified, was over 310,000 acres. To put it into perspective, I will say to my distinguished friend from Rhode Island, the actual extent of the fire was roughly about the size of the State of Rhode Island.

This comes at a particularly disastrous time when we have our cattle prices and our livestock prices at one of their alltime lowest.

#### ASSISTANCE TO RANCHERS

First, we are told that if the range is not reseeded, it reseeds itself with cheatgrass. This is what the experts in this type of business have indicated, and if this is true, then in dry years, as was absolutely shown this year, this creates a very, very dangerous condition because this becomes a fire hazard.

Now one thing that intrigues me is what is done to the rancher who has no range. Where can he put his cattle during the period of time when you are reseeding these various grasses?

Mr. STODDARD. If there are available some of the soil bank and conservation reserve lands, they can be opened up by the Secretary of Agriculture under an emergency arrangement. I say if they are available within trailing distance of the fire area. If they are not, emergency purchase of feed has to be authorized or some rangeland opened up, if we have available, which is not used to capacity. These various alternatives are being explored now.

Senator BIBLE. You think that will offer you a possible solution to this particular problem?

Mr. STODDARD. Yes, sir.

#### SENTIMENT OF LOCAL RANCHERS

Senator BIBLE. May I ask you this because this is something which has always concerned me. I think the Bureau of Land Management, as I stressed earlier, has done an outstanding job in this particular disaster, but have you any sentiment as to how the bulk of the ranchers in this area feel about reseeding program? Are they for it?

Mr. STODDARD. I think there is a difference of opinion. However, I met with the American National Cattlemen's Public Lands Committee last week in Cedar City, Utah. There were a number of Nevada ranchers there. They expressed no opposition. These were the leaders of the Cattlemen's Association in Nevada who were there. They expressed no opposition and indicated a generally favorable attitude. We understand there have been a few individuals who have expressed some opposition.

Senator BIBLE. The reason I ask the question is that it was proposed by some ranchers to me that they would just as soon leave it as it is. Let nature run its course and they would be able to run their cattle over the area immediately and not have to wait 2 or 3 years. That seems to me to be a little fallacious reasoning, but I don't profess to be a cattleman or range expert.

I thought we should have something in the record indicating what the general sentiment is.

Mr. STODDARD. This never came out in the discussions we had. I did report on the fire situation and our plans for rehabilitation. As I said, we did have people from the area and they did not express opposition.

#### CHECKERBOARD LAND PATTERN

Senator BIBLE. The second problem that concerns me is that there is a checkerboard problem here. A lot of public and private land. How do you know where the private land starts and where the public land starts?

Mr. STODDARD. We have a good deal of that land surveyed. We do want to try, through our arrangements with the soil conservation districts out there, to get the private owners to cooperate with us in the joint rehabilitation program. Whether they have the money and so on are things we will have to work out. We will go ahead in the public land areas that need the attention immediately while we are working out the cooperative arrangements with the private landowners.

#### TIMING OF RESEEDING PROGRAM

Senator BIBLE. Your people have indicated to me that time is of the greatest urgency. What is your deadline for reseeding?

Mr. STODDARD. We would like to get the seeding in this fall so that we can take advantage of whatever winter moisture there is.

Chairman HAYDEN. What will be the effect on the public lands if work on the private lands is not accomplished?

Mr. STODDARD. Well, it would be half a loaf. We would have some watersheds that were not nailed down that would be going into cheatgrass that would come back next year, that would continue to contribute to fire and flood in the area.

#### BROWSE FOR DEER AND WILDLIFE

Senator BIBLE. One further question, Mr. Chairman, if I might. In addition to supporting a considerable population of livestock, this of course is great deer country, some of the finest, I think, in the entire continental United States. Now, have you any estimates of the deer population in this general area?

Mr. STODDARD. I believe we do, Mr. Chairman. I don't have those figures. I can supply them if we do for the record. We do have plans however for—Mr. Beirne shows me we have a resident herd of almost 2,000 mule deer in the area. In addition, thousands of deer use this area for winter range on a migratory basis.

We do have plans for restoring the browse in certain burned areas where a particularly heavy winter deer browse is required.

Senator BIBLE. So that this is of benefit to wild life as well as it is to the cattle population.

Mr. STODDARD. Very true.

Senator BIBLE. Mr. Chairman, I think that is all.

#### AVAILABLE FUNDS FOR REHABILITATION

Senator PASTORE. As an easterner, may I ask a question or two? First of all, you were granted \$850,000 for like purposes in your regular 1965 appropriation; is that correct?



Mr. STODDARD. Yes.

Senator PASTORE. This is a million dollars to provide for this situation that exists in the State of Nevada because of the tremendous fire you talk about?

Mr. STODDARD. That is true.

Senator PASTORE. You are saying now this money will be committed this fall?

Mr. STODDARD. Yes, sir.

Senator PASTORE. There is no question at all about that? This is the minimum amount you would require for the fall seeding?

Mr. STODDARD. We are going to take \$350,000 in addition from the regular appropriation that we have available for emergency purposes.

Senator PASTORE. In other words, you are going to expend \$1,350,000 for this purpose?

Mr. STODDARD. That is right, sir.

#### SENTIMENT OF RANCHERS

Senator PASTORE. Now the thing that puzzles me at this juncture is that apparently there is some objection on the part of the cattle owners who would rather see this not done and let nature take course? Is that what you said?

Senator BIBLE. It has been indicated just from a few correspondents that I have that some few feel this way. I am sure the overwhelming majority are convinced that this is good sound range practice, to rehabilitate a range as quickly as you can after a disastrous fire such as this kind. I want the record abundantly clear that there were a few isolated instances where there have been those who have said let us do nothing about it.

Senator PASTORE. The reason I raise that is that Congress is always looking for an excuse not to appropriate money. I was wondering if that would fortify the excuse. Who is going to assume responsibility that this small minority is not right?

Mr. STODDARD. We will. We have the job of protecting the watershed. We have listened to the cattlemen and we try to work with them every way. But the primary interest is the public interest on public lands. We know in the long run they will benefit. We know they have taken a short-run look at this.

#### COST OF REHABILITATION PROGRAM

Senator PASTORE. Is this right? Do you know to a bone figure of a million dollars?

Mr. STODDARD. Yes, sir. We figured a unit cost per acre.

Senator PASTORE. It means you will have to encroach on the \$850,000 up to the tune of \$350,000?

Mr. STODDARD. That is right.

Senator PASTORE. Leaving only a half million dollars for anything else that might happen?

Mr. STODDARD. That is right.

## CURRENT CALIFORNIA FIRE SITUATION

Senator KUCHEL. Mr. Stoddard, in the last 2 days I suppose one of the worst fires in the history of northern California has been raging. Calistoga apparently is completely gutted by fire which has now proceeded to Napa and over to Santa Rosa. Does your Bureau have any jurisdiction in that area which has been damaged?

Mr. STODDARD. I think we have a few scattered holdings, Senator Kuchel, but relatively small acreages.

## AVAILABLE FUNDS FOR REHABILITATION IN CALIFORNIA

Senator KUCHEL. If you did have any holdings at all, and therefore the public interest were involved, so far as your particular Department is concerned in this area, do you have moneys available in your budget to resuscitate the damage with respect to watersheds?

Mr. STODDARD. We have this half million dollar reserve that we were just discussing that would be available for use this winter. Then of course if it were not sufficient, we would come back to the committee in the spring.

Senator KUCHEL. How much was in your regular budget?

Mr. STODDARD. \$850,000 of which we are going to use \$350,000 for Nevada. Almost \$300,000 of the balance already is committed for work in other Western States.

Senator PASTORE. Then if you run out of money and some more needs to be done, you will come back next year?

Mr. STODDARD. That is right.

## CALIFORNIA FIRES

Senator KUCHEL. My office has been in touch with the local people out there. I guess this is just a tragedy. Some hundred homes have been completely burned out and the distance from the Napa Valley over to Santa Rosa is quite a little distance.

Mr. STODDARD. Yes, sir. We could supply you with information about the public lands that exist in that burned area.

Senator KUCHEL. I would be grateful if you would, Mr. Stoddard. I would be grateful also if you could advise me whether or not it would be possible for the Bureau to accelerate any assistance that might be given to that area.

Mr. STODDARD. We will do that.

Senator PASTORE. Do you want that in the record, or do you want that to you personally?

Senator KUCHEL. To me personally. On second thought, I think maybe it would be good if it did appear in the record.

Senator PASTORE. I think it would be better. Furnish the information for the record, please.

(The information referred to follows:)

## RELATIONSHIP OF CURRENT CALIFORNIA FIRE TO PUBLIC LANDS

As of September 22, 1964, approximately 3,000 acres of public domain lands have been burned in the Calistoga fire. All fire suppression activity on lands administered by BLM in this area is under contract with the State of California. Therefore, no Bureau personnel are involved in the firefighting at this time. Bureau personnel, however, are on standby status, to be used if required.

On Mount St. Helena in the Calistoga fire area 1,500 acres will be rehabilitated using funds currently available to this Bureau. The remaining 1,500 acres are in such widely scattered tracts that rehabilitation is not considered feasible. The total rehabilitation cost will approximate \$15,000. Including this fire, total rehabilitation of burned areas in California for fiscal year 1965 will exceed \$80,000.

## TIMING OF RESEEDING PROGRAM

Senator SALTONSTALL. May I ask two questions to be of assistance to me personally? You say you wanted to get this seeding in before the winter so that you get the moisture. How soon after a big fire can you seed the dried up land?

Mr. STODDARD. Almost immediately after the coals have cooled off, Senator. We have started already.

Senator SALTONSTALL. That would be a month, 2 weeks to a month? What would be the approximate time? I had in mind a great big fire down in Mount Desert land where it took 2 years really to get the soil so that it could take anything.

Mr. STODDARD. In this case we have a favorable seedbed. We almost have to beat cheatgrass to the draw because the seed of cheatgrass has come in there. There will be noxious weeds—fire encourages a good deal of the poorest kind of vegetation. In order to get a really much more erosion-proof vegetation we have to work right in the ashes now, bare mineral soil which is exposed, and it is a good seedbed for our work.

Senator SALTONSTALL. So your answer to my question then is that in 2 weeks to 2 months after the fire has gone over?

Mr. STODDARD. That is right.

## AVAILABLE FUNDS IN REGULAR APPROPRIATION

Senator SALTONSTALL. You have an appropriation under "Management of land resources" of \$45,372,000, of which you have only spent to September 1 of this year, \$6 million. Now, how much of that is available? How much of that \$45 million is available for purposes such as restoration?

Mr. STODDARD. I will ask Mr. Beirne. I think very little for an emergency, because it is all allocated. Mr. Beirne may have the information.

Mr. BEIRNE. The appropriation included \$850,000 for this specific purpose of reseeding or rehabilitating burned-over areas. Of that amount we have already—

Senator SALTONSTALL. I understand that, but out of the \$45 million then there is only \$850,000?

Mr. BEIRNE. Yes.

Senator SALTONSTALL. All the rest is allocated to other purposes?

Mr. BEIRNE. That is right.

Senator SALTONSTALL. All the rest of it will be spent in the fiscal year 1965?

Mr. BEIRNE. Yes, sir.

Senator SALTONSTALL. Thank you, Mr. Chairman.

Senator PASTORE. In other words, unless we give you this million dollars, all you have to use is \$850,000?

Mr. STODDARD. That is correct.



## COST OF REHABILITATION PROGRAM IN NEVADA

Chairman HAYDEN. What is the total estimated cost of rehabilitating the public lands in Nevada?

Mr. STODDARD. The rehabilitation costs?

Chairman HAYDEN. Yes, sir.

Mr. STODDARD. \$1,350,000.

Senator BIBLE. You think that will do the job? Your best judgment is that it will do the job?

Mr. STODDARD. Our best judgment in looking at unit cost in other areas and applying it to the burned-over area here, this will do it.

Senator PASTORE. Are there further questions on this subject? All right, let us pass to the next one.

The Bureau of Commercial Fisheries.

## BUREAU OF COMMERCIAL FISHERIES

STATEMENT OF H. E. CROWTHER, ACTING DIRECTOR, AND E. EL-  
DRED PETERSON, CHIEF, BRANCH OF LOANS AND GRANTS

## FISHING VESSELS SUBSIDY PROGRAM

Chairman HAYDEN. The budget estimate which will be included in the record is \$3 million for a fishing vessel construction differential subsidy program. Mr. Crowther, Acting Director of the Bureau of fisheries, is here.

(The justification referred to follows:)

*Construction of fishing vessels, 1965*

Expenditures to Aug. 31, 1964.....	\$5, 870
Request.....	\$3, 000, 000
Employment: Number involved this estimate.....	9

<sup>1</sup> From unliquidated obligations at end of fiscal year 1964.

## PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

The \$3 million is needed to carry out the provisions of the act of June 12, 1960 (74 Stat. 212), as amended by the act of August 30, 1964 (78 Stat. 614), authorizing a fishing vessel construction differential subsidy program. The authorization provides for acceptance of subsidy applications through June 30, 1969. Funding of the program in fiscal year 1965 is required to provide the immediate assistance needed by, and to insure maximum benefit to, the fishing industry. To delay funding beyond fiscal year 1965 would reduce the period during which the program could be conducted and the benefits to be derived by the industry.

*Object classification*

[In thousands of dollars]

	1965 estimate presently available	1965 revised estimate	1965 increase
11 Personnel compensation:			
Permanent positions.....		\$48	\$48
12 Personnel benefits.....		4	4
21 Travel and transportation of persons.....		20	20
23 Rent, communications, and utilities.....		10	10
24 Printing and reproduction.....		10	10
25 Other services.....		1	1
Services of other agencies.....		200	200
26 Supplies and materials.....		2	2
31 Equipment.....		5	5
41 Grants, subsidies, and contributions.....		2, 700	2, 700
Total obligations.....		3, 000	3, 000

*Program and financing*

[In thousands of dollars]

	1965 estimate presently available	1965 revised estimate	1965 increase
Program by activities:			
1. Subsidy payments.....	\$300	\$1,300	\$1,000
2. Program administration.....		250	250
Total program costs, funded.....	300	1,550	1,250
Change in selected resources.....	-300	1,450	1,750
Total obligations.....		3,000	3,000
Financing: New obligational authority (appropriation).....		3,000	3,000

NOTE.—Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1964, \$565,000; 1965, \$2,015,000.

*Personnel summary*

	1965 estimate presently available	1965 revised estimate	1965 increase
Total number of permanent positions.....		9	9
Average number of all employees.....		7	7
Employees in permanent positions, end of year.....		9	9

*Justification*

Activity	1965 budget estimate	1965 revised estimate	Increase
1. Subsidy payments.....		\$2,700,000	\$2,700,000
2. Program administration.....		300,000	300,000
Total.....		3,000,000	3,000,000

Funds were appropriated to the Bureau for the fiscal years 1961-64, inclusive, to conduct the fishing vessel construction differential subsidy program authorized by the act of June 12, 1960 (74 Stat. 212). The final date for filing of subsidy applications under the act of June 12, 1960, was June 12, 1963. The act of August 30, 1964 (78 Stat. 614), amending the act of June 12, 1960, authorizes the Secretary of the Interior to accept subsidy applications through June 30, 1969, and authorizes the appropriation of not more than \$10 million annually to carry out the purposes of the act. Other amendments include the extension of the act's coverage to the entire commercial fishing industry and increases the maximum subsidy payable from one-third to one-half of the actual cost of constructing a fishing vessel in the United States.

The U.S. fishing industry has long been equipped with outmoded vessels and equipment which are continuing to deteriorate at an alarming rate. It is of the utmost importance that funds be made available as soon as possible to implement the program for the correction of inequities in the construction of fishing vessels, as authorized by the act of June 12, 1960, as amended, to aid in overcoming this situation and thus improve the competitive position of the domestic fishing industry in relation to that of other nations. Adding to the urgency for immediate funding of the program is the situation that exists in the fishing industry of Alaska. It is estimated that the Good Friday earthquake and tidal waves in that area destroyed or damaged approximately 294 fishing vessels, with crippling effect on the industry. The fishing vessel construction differential subsidy program would be of great assistance in restoring the Alaska fishery and at the same time upgrade the vessels and efficiency of the Alaska fishermen.

The widespread interest that exists with regard to the fishing vessel construction subsidy program was demonstrated during congressional hearings when representatives of labor unions; the shipbuilding industry; various segments of the



fishing industry and industry associations; as well as Federal, State, and local Government officials recommended passage of the authorizing legislation. Over 150 requests for information regarding the program were received during the first 15 days of September 1964.

The value of output of the commercial fishing industry decreased about 5 percent from 1950 to 1963 as compared with a rise of 78 percent for U.S. gross national product (GNP) during this same period of time. This decline in the value contributed by the commercial fishing industry is due largely to a decline in the volume of food fish landed by our domestic industry.

Per capita consumption of fish has averaged about 10 pounds per person throughout the past decade. The increase in supply necessary to maintain the per capita consumption, in the face of rising population and decreased domestic landings of food fish, has been derived from increased importation of fish and fishery products. Consequently, the domestic industry has declined in importance relative to other fishing nations of the world, as a source of employment, and as a source of product for domestic consumption. Since 1956, the U.S. share of the total world catch of fish has dropped from 13 to 7 percent, thereby resulting in the United States moving from second to fifth place among the nations in total fish catch. By way of comparison, since 1947 the Soviet Republic has more than doubled her fish catch. Japan, Peru, China, and other countries have likewise enjoyed a considerable increase during this same period.

If the decline in the domestic fishing industry can be halted, and a growth rate similar to that recorded in the GNP of the economy as a whole can be achieved, the net result would be a favorable and important annual benefit to the general economy. If even the modest goal of returning the domestic food fish industry to its early 1950 level of catch were achieved, the annual contribution of the commercial fishing industry to GNP would be increased by more than \$65 million, almost double the annual appropriations for all Bureau activities.

The fishing vessel construction differential subsidy program can play an important role in improving the competitive position of the fishing industry. The domestic industry is at a disadvantage in world competition due to the fact that, by law, it must utilize domestically produced vessels which often cost more than double those constructed in other nations.

#### *1. Subsidy payments, \$2,700,000*

The \$2,700,000 is needed for this activity to provide for the payment of subsidies under the fishing vessel construction differential subsidy program authorized by the act of June 12, 1960, as amended. These funds will provide subsidies for approximately 30 fishing vessels of various types and sizes.

The act provides that the Maritime Administrator will determine the cost differential between construction in domestic and foreign shipyards. The subsidy may not exceed 50 percent of the actual cost of domestic construction. The Maritime Administrator will also be responsible for obtaining approval of the plans by the Defense Department and supervising construction.

The Secretary of the Interior will conduct investigations to determine whether the proposed vessel is suitable for the fishery; determine whether the applicant possesses the ability, experience, and resources necessary for satisfactory operation; and generally administer the program in accordance with the act and regulations promulgated thereunder.

#### *2. Program administration, \$300,000*

An estimated \$300,000 is needed for administration of the program. This will provide approximately \$200,000 for reimbursement to the Maritime Administration for services to be performed by that agency, as prescribed in the act, on a reimbursable basis, including determination of cost differential between construction in domestic and in foreign shipyards; and for the services of examiners to conduct hearings required under the Administrative Procedures Act. The remaining \$100,000 is for services to be performed by the Bureau. Services to be performed by the Bureau include the conduct of investigations to determine the eligibility of applicants under the program, whether the applicant possesses the ability, experience, and resources necessary for satisfactory operation; the conduct of hearings prior to approval of applications; and the general administrative expenses that are inherent in a program of this type. It is contemplated that it will be necessary to employ nine additional permanent personnel, four fishery specialists and five clerical, in the Bureau to administer this program.

A fishery specialist and one clerk will be required in each of four regions, according to the volume of subsidy applications received from the various geographical

areas. The remaining clerical position will be needed in the central office. It is expected that these employees will process 75 or 80 subsidy applications, 30 of which will be approved by the end of the fiscal year and the remainder approved during the succeeding fiscal year due to the time required for obtaining approval of vessel designs, processing applications, and the holding of hearings.

Chairman HAYDEN. Mr. Crowther, will you place your prepared statement in the record?

Mr. CROWTHER. Yes.

(The statement referred to follows:)

#### STATEMENT BY DEPUTY DIRECTOR CROWTHER

##### U.S. FISHING FLEET IMPROVEMENT ACT

Mr. Chairman and members of the committee, I am here in support of a fiscal year 1965 supplemental estimate for an appropriation to carry out the provisions of the U.S. Fishing Fleet Improvement Act, Public Law 88-498. The act was approved August 30, 1964, and was not included in the regular appropriations.

The U.S. Fishing Fleet Improvement Act amended the act of June 12, 1960 (Public Law 86-516). It provides for the payment of construction differential subsidies equal to the difference in the cost of construction of a fishing vessel in a foreign shipyard and in a domestic shipyard. The act stipulates a maximum allowable subsidy of 50 percent of the domestic cost. This additional cost of construction in a domestic shipyard is expected to be between 40 and 45 percent in most cases. The vessels to be constructed under this program must be of modern design equipped with newly designed gear, and suitable for fishing in expanded areas. Such vessels are prohibited from operating in a fishery if such operation would cause economic hardship to efficient vessel owners already working in that fishery. The vessel's plans and specifications must be approved and construction supervised by the Maritime Administrator, and he will determine the cost differential.

The purpose of the act is to help modernize our fishing fleets. Under present law, a vessel to be documented as a fishing vessel of the United States must have been built in this country. This means that our fishermen must compete with foreign fishermen who can build fishing vessels for approximately 45 percent less. Thus, the American fisherman is at a definite disadvantage both on the fishing grounds and in the marketplace.

With the U.S. fishing fleet deteriorating because of high construction costs, our production of food fish has been declining while imports have been rising. Currently, over half the fish consumed in the United States is being imported. The United States, for generations a leader among the fishing nations of the world, has during recent years slipped from second place to fifth in the harvest of the resources of the sea.

This program should be started as soon as possible if we are to meet the urgent need to modernize our fishing fleet. The sum of \$3 million for the balance of this fiscal year will allow the processing of applications received during the current year and will provide funds for payment of those applications which can be approved prior to June 30, 1965. Most of the applications received after January 1, 1965, will not be approved until fiscal year 1966 due to the time required for public hearings on the applications, for review of the plans and specifications by the Maritime Administration, for the determination of foreign costs, and for other details connected with the processing of the application.

We anticipate that approximately 30 applications will be approved during the current fiscal year, although 100 or more may be received. During the first 15 days of September 1964 we received over 150 requests for information on this program and more are being received each day. Proposed regulations have been prepared and will be published in the Federal Register within a few days. The Department will be in a position to begin receiving applications as soon as funds are available.

##### CONSTRUCTION SUBSIDIES ON FISHING VESSELS

Chairman HAYDEN. Public Law 498 authorizing this appropriation is an extension of another statute. How long has the United States paid construction subsidies on fishing vessels?

Mr. CROWTHER. For approximately 3 years. The old act went into effect July 12, 1960.

Chairman HAYDEN. Why is extension of the 1960 act necessary?

Mr. CROWTHER. The old act provided that as of June 12, 1963, no further applications could be received. Since June 12, 1963, no further applications have been accepted. So in effect the program ended. The new act amends the old act to extend it to 1969, for a 5-year period.

#### REQUIREMENTS FOR SUBSIDY PAYMENTS

Chairman HAYDEN. What requirements must be met to qualify for subsidy payment?

Mr. CROWTHER. There are several changes in the new act from the old. In the new one, first, the vessel must be of advanced design and also have modern and newly developed gear. Second, the vessels must be capable of operating in expanded areas. It also removed the limitation from the old act which said that, in effect, only the New England ground fishing industry could receive the subsidy. This eliminates that restriction and makes it applicable to the entire United States.

#### YEARLY AUTHORIZATION

Chairman HAYDEN. What is the minimum total amount authorized per year under the recent legislation?

Mr. CROWTHER. In the past legislation, Mr. Chairman?

Chairman HAYDEN. Yes.

Mr. CROWTHER. Under the old act the amount authorized was \$2,500,000 per year. Under the new it is a maximum of \$10 million.

Chairman HAYDEN. Is \$3 million actually required during the fiscal year 1965?

Mr. CROWTHER. Yes, sir. We anticipate receiving many applications because we received considerable interest in this program. I think in the first 15 days of September we received over 150 inquiries. We estimate we can process 30 applications in this fiscal year.

#### APPLICATIONS RECEIVED AND PROCESSED

Chairman HAYDEN. How many subsidy payment applications do you expect during the remainder of the fiscal year?

Mr. CROWTHER. We expect to receive approximately a hundred, but we anticipate we can completely process only 30.

Chairman HAYDEN. How much of the estimate is to be used for administration of the program and how much for actual subsidy payments?

Mr. CROWTHER. \$300,000 will be used for administration of the program. The remainder will be used for subsidy.

Senator PASTORE. What happens if you don't get this money?

Mr. CROWTHER. Mr. Chairman, the act is in effect now, it is for a 5-year period.

Senator PASTORE. The act was passed in August 1964.

Mr. CROWTHER. Yes, sir. This would mean that 1 year would go by where there would be no activity and 20 percent of the program could not be implemented.

Senator PASTORE. In other words, you could not even begin to accept applications, could you?



Mr. CROWTHER. No, sir. We cannot until we have money to back the applications.

Senator PASTORE. But your \$3 million is predicated upon speculation as to the number of applications that will come in?

Mr. CROWTHER. Yes, sir.

Senator PASTORE. I mean, is it anything stronger than that? Do I make myself clear in that question?

Mr. CROWTHER. Yes.

Senator PASTORE. Are we actually swinging in a paper bag here or do we have proof that we can comfortably use the money?

#### ANTICIPATED REQUESTS

Mr. CROWTHER. We believe our estimate is fairly accurate, Mr. Chairman. We know from contacts made with us that we will have more applications than we can process. We estimate that we can complete processing of at least 30, and we feel from our knowledge of what has already been submitted to us that this would take the full \$2,700,000.

Senator PASTORE. Will those 30 applications take the \$2,700,000?

Mr. CROWTHER. Yes, sir.

Senator SALTONSTALL. On the 150 applications or letters you have received so far, how many of them give you the impression that they will become real, true applications?

Mr. CROWTHER. I will ask Mr. Peterson, who operates the loans and grants programs.

Mr. PETERSON. About 35 have even described the vessel that they are interested in so that we feel certain that those will come in. In addition, there are about 50 more that have indicated that they have a solid interest. The others are letters of a type that you can't tell whether they will present an application or not. They are asking more for general information rather than asking for applications and where do I file them, and so forth.

Senator PASTORE. Before how long would you expect the \$2,700,000 to be committed?

Mr. CROWTHER. It will be before the end of the fiscal year. We estimate that the full \$2,700,000 will be committed.

#### COMPETITION WITH RUSSIAN AND GREENLAND FLEETS

Senator SALTONSTALL. What we are doing under this act is trying to compete with the Russian fleet and the Greenland fleet and so on. If I have read the papers correctly there were some 82 Russian vessels at Provincetown after this last hurricane to get repairs. I am not sure of that figure, but I think it is around that. Those are the ships with modern appliances that are fishing in our waters.

Mr. CROWTHER. That is right, Senator Saltonstall.

Senator SALTONSTALL. Am I correct in that there were approximately that number of Russian ships in Provincetown? Does Mr. Rice know that?

Mr. RICE. No, I don't.

Mr. CROWTHER. We did have a report that there were a number in there that had taken refuge from the storm.

Senator SALTONSTALL. Those are the ships we are trying to compete with?

Mr. CROWTHER. Yes, sir.

Senator SALTONSTALL. We can't compete with them unless we get new equipment?

Mr. CROWTHER. The fleet of the United States is unbelievably old and obsolete.

Senator PASTORE. Don't you think we ought to have the record indicate that Provincetown is part of Massachusetts?

Senator SALTONSTALL. The Senator from Rhode Island is always very accurate and careful. While he would like to have the Cape a part of Rhode Island, it is a part of Massachusetts.

Senator PASTORE. Senator Robertson.

#### MENHADEN FISHING BOATS

Senator ROBERTSON. Does this subsidy include menhaden fishing boats?

Mr. CROWTHER. Yes, sir; it can include menhaden boats. They would have to, of course, meet the requirements, which means that the vessels would be of advanced design. We would not approve applications, for example, if the same vessels, same type vessels that are now being used were applied for. They would have to show a new type vessel, new design, to show that it is a more modern design—that we are actually upgrading the fleet rather than building more of the same. But the menhaden boats would be eligible.

Senator ROBERTSON. In other words, this is not limited to fishing vessels that catch fish for the edible market? It includes oil fish as well?

Mr. CROWTHER. It includes all fish.

Senator ROBERTSON. Thank you.

Senator PASTORE. Any further questions?

Senator ALLOTT. Yes; I have one.

Senator PASTORE. Senator Allott.

#### MODERN DESIGN

Senator ALLOTT. Mr. Crowther, what do you mean, will you give me specific examples of modern design?

Mr. CROWTHER. Yes, sir; I think so. We may take the menhaden vessels as an example. As Senator Saltonstall mentioned, we are competing against the Russians who use the latest electronic equipment possible for locating and catching fish. We believe that there is room and there should be developed new vessels which can locate the fish much faster than is presently possible, that can catch the fish much more efficiently and at much lower cost than now. One of these examples is some research that is in progress right now. That is the use of electrical charges to actually corral the fish or to herd the fish around a pumping device. This has been claimed by the Russians and apparently they have used it. Not using electrical, but using lights to concentrate the fish. We in our own experiments in our own exploratory vessels, we do know that through the use of electrical trawling, for example, the trawl which is electrically charged and dragged along the bottom can increase the efficiency of fishing many times. We believe a vessel should be designed with this electrical equipment aboard. If the trawler could be equipped with this, the fish could be caught at much lower cost than now.

## STERN TRAWLERS

Senator SALTONSTALL. In addition to that, Mr. Crowther, the Russians have these stern trawlers. They drag their trawls right over the stern and into the ship. In addition to that, they can process the fish right in that ship and put it into refrigeration. Am I right?

Mr. CROWTHER. That is exactly right.

Senator SALTONSTALL. Very few of our ships, if any, have the stern trawler business where they can drag the trawls over the stern. Have we any ships that have refrigeration?

Mr. CROWTHER. The tuna vessels, of course, are equipped with brine freezing, but none of the New England vessels—

## PROCESSING OF FISH

Senator SALTONSTALL. In answer to Senator Allott, it is not alone the electronics and the finding of the fish, it is actually the processing of the fish when you have caught them.

Mr. CROWTHER. Yes, sir. The electronics was just an example. For instance, the vessels could be larger and have a larger range than they have now and have better refrigeration facilities, as Senator Saltonstall has mentioned. We would like, for example, to see our vessels go out into the high seas and not be bound by fishing in fairly close waters, almost coastal waters.

We believe in order to compete successfully with the Japanese and the Russians and the other vessels that we will eventually have to be out and fish in distant waters. There are no vessels, at least in the New England area, that I know of now that are really capable of going out, I believe, even to the Grand Banks, for any length of time and fish.

## RUSSIAN TRAWLERS

Senator SALTONSTALL. What is the size of the Russian trawlers in tonnage as compared to the average new Gloucester or New Bedford or Boston fishing vessels, or Seattle or San Diego?

Mr. CROWTHER. The Russian stern trawler, as I recall, is approximately 280 feet. This is twice the length of our largest New England trawler. As I mentioned before, they are of modern design; they are fast and they can fish anywhere in the world. Weather does not bother them. They can fish even in the roughest weather because of their size and also because of the stern ramp trawler feature which permits them to pull the net in.

By using these stern ramp trawlers, as I mentioned, they can fish in any weather and in any ocean. We believe that this bill will stimulate the production and the building of vessels.

## ADMINISTRATIVE OVERHEAD

Senator ALLOTT. You have asked for \$3 million. You have said you will use 10 percent as administrative overhead, \$300,000; is that correct?

Mr. CROWTHER. Yes, sir.

Senator ALLOTT. So that this will leave you \$2,700,000. This is allocated upon a basis of, as your statement says, 40, 45 percent. Under this appropriation, for how many vessels would you expect to allocate money subsidy?



Mr. CROWTHER. Approximately 30, sir. We can't give you the exact number because we don't know what size vessels may come in.

Senator ALLOTT. In other words, what are we talking about in relation to cost of such a vessel? Approximately \$2 million?

Mr. CROWTHER. It will be 30 vessels. So the average cost would be approximately \$200,000. As you may expect, the applications that we received could be for vessels that cost anywhere from \$80,000 for a shrimp vessel up to a million dollars or \$1,200,000 for a tuna vessel. What we have tried to do is evaluate which applications will come in, the timing, and try to average them up and estimate a figure.

OBLIGATIONS OF RECIPIENT OF SUBSIDY

Senator ALLOTT. When you give a subsidy to a fisherman for the construction of a vessel, do you simply give him so much money and his obligation to the Federal Government is then through provided he builds that vessel to your specification?

Mr. CROWTHER. He must build it and operate it in the fishery that he declares he is going into. The Maritime Administration supervises the construction of these vessels and approves the plans that are submitted. The Secretary of the Interior will see the plans and specifications before the application is approved. So we do know the type vessel—

Senator ALLOTT. Provided he builds that to specification and provided he operates it or exhibits an intention to operate it, you give him so much money and this fulfills his complete obligation to the Federal Government, and he owes the Federal Government nothing for the subsidy, nor any repayment; is that correct?

Mr. CROWTHER. I will ask Mr. Peterson to comment on this.

Mr. PETERSON. He has an obligation to operate it within the fishery for which it is designed. He must use all citizen or resident alien crews. He must land all of his fish within the United States. If he does not do these things, then he is required by law to pay back a proportion of the subsidy which was paid, depending on how many years this occurs. This is based on the depreciated value of the vessel.

We thank you gentlemen.

Senator KUCHEL. I have here a listing of States from which applications for subsidies have been received. I ask that it be included in the record.

Senator PASTORE. That may be done.

(The listing referred to follows:)

*Source of requests for information on applications for fishing vessel construction differential subsidies*

Massachusetts	71	Rhode Island	4
Washington	20	District of Columbia <sup>1</sup>	2
Florida	16	New Jersey	2
Maine	15	North Carolina	1
Texas	11	Georgia	1
Alaska	6	Connecticut	1
Oregon	6	Mississippi	1
Louisiana	4	Maryland	1
California	4		
New York	4	Total	170

<sup>1</sup> Representatives of firms located elsewhere.

Senator ALLOTT. That answers my question. Thank you.

Senator PASTORE. Any other questions?

## EXECUTIVE OFFICE OF THE PRESIDENT

## NATIONAL COUNCIL ON THE ARTS

STATEMENT OF ROGER L. STEVENS, SPECIAL ASSISTANT TO THE  
PRESIDENT ON THE ARTS, ACCOMPANIED BY JAMES SASSER,  
PRESIDENTIAL COMMISSIONS LIAISON OFFICER

Chairman HAYDEN. The National Council of Arts.

There will be printed in the record the budget estimate for the National Council on the Arts in the amount of \$125,000.

(The estimate referred to follows:)

## SUPPLEMENTAL ESTIMATE, 1965

## GENERAL STATEMENT

*A. Discussion*

The National Council on the Arts has been created to provide such recognition and assistance as will encourage and promote the Nation's artistic and cultural progress. Its responsibilities will be to:

- (1) recommend ways to maintain and increase the cultural resources of the United States;
- (2) propose methods to encourage private initiative in the arts;
- (3) advise and consult with local, State, and Federal departments and agencies on methods by which to coordinate existing resources and facilities, and to foster artistic and cultural endeavors and the use of the arts, nationally and internationally; and
- (4) study and recommend methods to encourage and promote creativity, higher standards, and increased opportunities in the arts.

*B. Justification*

This request of \$125,000 for fiscal year 1965 is to cover costs of establishing the National Council on the Arts and provide for operations for approximately 9 months of the fiscal year, including compensation for the Council Chairman, his staff, Council members and related expenses.

*Object classification*

[In thousands of dollars]

	1963 actual	1964 estimate	1965 estimate
11 Personnel compensation:			
Permanent positions.....			53
Positions other than permanent.....			18
Total personnel compensation.....			71
12 Personnel benefits.....			4
21 Travel and transportation of persons.....			24
23 Rent, communications, and utilities.....			6
24 Printing and reproduction.....			5
25 Other Services.....			7
Services of other agencies.....			7
26 Supplies and materials.....			1
Total obligations.....			125

## SUMMARY STATEMENT ON "OTHER OBJECTS," FISCAL YEAR 1965

*Total other objects, \$54,000*

12 *Personnel benefits, \$4,000.*—Includes contributions to retirement fund, \$3,200; health benefits, \$400; group insurance, \$160; and FICA, \$240.

21 *Travel and transportation of persons, \$24,000.*—For travel and per diem expenses in connection with Council meetings and consultations with local, State, and Federal agencies: Council Chairman and staff, \$15,000 (including oversea trips); Council members, \$9,000.

- 23 *Rent, communications, and utilities, \$6,000.*—For telephone and telegraph services, \$5,500; and postage fees, \$500.
- 24 *Printing and reproduction, \$5,000.*—For printing and reproduction of studies, reports, and publications in connection with Council functions.
- 25 *Other services, \$7,000.*—For payments to commercial contractors.
- 26 *Services of other agencies, \$7,000.*—For administrative services by GSA.
- 26 *Supplies and materials, \$1,000.*—For newspapers and periodicals.

*Personnel summary*

	1963 actual	1964 estimate	1965 estimate
Total number of permanent positions.....			6
Full-time equivalent of other positions.....			2
Average number of all employees.....			5
Employees in permanent positions, end of year.....			6
Employees in other positions, end of year.....			-----
Average GS grade.....			10.4
Average GS salary.....			\$12,130

*Detail of personnel compensation*

	1963 actual		1964 estimate		1965 estimate	
	Num-ber	Total salary	Num-ber	Total salary	Num-ber	Total salary
Grades and ranges:						
Special positions at rates equal to or in excess of \$18,000: Chairman.....					1	\$21,000
GS-16. \$18,935 to \$24,175: Public relations officer.....					1	18,935
GS-13. \$12,075 to \$15,855.....					1	12,075
GS-12. \$10,250 to \$13,445.....					1	10,250
GS-7. \$6,050 to \$7,850.....					1	6,050
GS-4. \$4,480 to \$5,830.....					1	4,480
Total permanent.....					6	72,790
Deduct: Lapses.....					1.4	19,790
Net permanent (average number, net salary).....					4.6	53,000
Positions other than permanent.....						
Intermittent employment.....						18,000
Total personnel compensation.....						71,000

## PRESENTATION OF STATEMENT

Chairman HAYDEN. Mr. Stevens, we are glad to see you here again before the Appropriations Committee as the President's Special Consultant on the Arts. I note you have a prepared statement. We will place it in the record.

(The statement referred to follows:)

## STATEMENT OF ROGER L. STEVENS, SPECIAL ASSISTANT TO THE PRESIDENT ON THE ARTS

Mr. Chairman, As Special Assistant to the President on the Arts I represent the newly created National Council on the Arts in its initial request for funds to establish the Council in accordance with the recently enacted legislation. The budget justification and other supporting papers are, I believe, before you.

## LEGISLATIVE BACKGROUND

The National Arts and Cultural Development Act of 1964 as recently passed by this Congress represents the culmination of much time and effort by many Members of the Senate and the House from both political parties in the present and past Congresses. Its enactment gives immediate recognition and emphasis



to the arts in the United States and statutory recognition to the creative abilities of the American people.

On August 19, 1964, President Johnson supported the legislation which created the National Arts and Cultural Development Act of 1964. This law established in the Executive Office of the President a National Council on the Arts consisting of a Chairman, 24 private members, and the Secretary of the Smithsonian Institution, ex officio. The Chairman and the 24 Council members are to be appointed by the President from among private citizens who are widely recognized for their broad knowledge, experience, and private interest in the arts. In addition to the membership of the Council, we wish to establish five permanent staff positions.

The law requires the Council to meet not less than twice during the calendar year and submit to the President and Congress an annual report at the close of each fiscal year. In addition, the President may request such studies and reports as he deems necessary and the Council is authorized to submit to the President reports and recommendations at any time they believe advisable. The law also authorizes the President to send to the Congress his recommendations and comments with respect to the Council's findings.

As to the request for an appropriation from this committee, I would like to highlight a few items set forth in the prepared justification statement. The amount requested for the fiscal year 1965 is \$125,000 which is to be used to cover the cost of establishing the National Council on the Arts and to provide for operations during the remainder of the fiscal year. The law as enacted specifies a Chairman of the Committee who shall receive compensation at a fixed rate. In addition to him, we have requested five permanent staff positions.

The law states that members of the Council and persons appointed to assist the Council in making its studies be paid at a rate fixed by the Chairman not to exceed \$75 per day, plus traveling expenses including per diem in lieu of subsistence as authorized by law (5 U.S.C. 73 b-2).

My budget request outlines the organization which I feel will be of the greatest help in assisting me to carry on the functions of the Council.

Since it is anticipated that the Council's small staff will consist mainly of specialists, I feel that the necessary administrative functions can best be performed by the General Services Administration. We have included an amount for this purpose.

We respectfully request your favorable consideration of the requested funds.

Chairman HAYDEN. Will you please explain the need for this \$125,000 for this time?

#### PERSONNEL

Mr. STEVENS. The need, sir, is to have a staff to carry out the mandate of the act. There are no funds for staff available unless they have this \$125,000.

Chairman HAYDEN. How many personnel will be employed and what, in general, will be their duties?

Mr. STEVENS. We at the moment contemplate employment of five people ranging from secretaries up to assistants to the Chairman.

Chairman HAYDEN. Have the Council members been designated?

Mr. STEVENS. No, sir; they have not.

Chairman HAYDEN. When do you expect the Council will be organized?

Mr. STEVENS. We are waiting for the President to make his appointments.

#### SUPPORT FOR BUDGET ESTIMATE

Chairman HAYDEN. I received a letter in support of this estimate from Senator Pell, of Rhode Island. This letter will be printed in the record.

(The letter referred to follows:)

U.S. SENATE,  
COMMITTEE ON LABOR AND PUBLIC WELFARE,  
September 17, 1964.

HON. CARL HAYDEN,  
*Chairman, Appropriations Committee,  
Senate Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: I am writing to express my deep interest in the appropriation for the National Council on the Arts resulting from Public Law 88-579, which I understand will come before your committee in the near future.

As chairman of the Senate Special Subcommittee on the Arts, I have been closely involved with the enabling legislation which I am convinced is of most significant importance to our Nation's cultural welfare.

The concepts for this legislation have been before the Congress since 1877, and I am delighted that at long last a National Council on the Arts has been established to give much needed recognition to our Nation's outstanding leaders in the major art forms and to give appropriate assistance in the bettering of our cultural vitality.

Mr. Roger Stevens, the President's special assistant on the arts, has my profound admiration. I feel certain that his talents and abilities will be of the greatest value to the Council's work.

I hope very much that your committee will give its favorable consideration to the appropriation recommended.

Warm regards.

Sincerely,

CLAIBORNE PELL.

Chairman HAYDEN. Is there any particular statement you would like to make?

Mr. STEVENS. No, sir; other than in carrying out the mandate, I feel that \$125,000 will be sufficient to do the duties required by the act.

Chairman HAYDEN. Are there any questions?

Senator PASTORE. Any questions on the part of the other members of the committee?

PROGRAMS OF COUNCIL

Senator ALLOTT. I would like to ask one question. In your statement you set out four things. Specifically, what do you intend to do if you get the staff, Mr. Stevens?

Mr. STEVENS. Specifically, sir, when the Council is appointed and assembled, we would expect this Council, who will be the leaders in the field of arts, to set forth programs that they feel will be for the good of the country.

Senator ALLOTT. That certainly is very indefinite.

Mr. STEVENS. It is a sort of indefinite mandate on the act. I think the purpose of the Council would be to try to make it much more definite.

Senator ALLOTT. Do you want to provide a subsidy for the arts, is that it?

Mr. STEVENS. The bill does not provide any subsidy for the arts.

ALLOWANCE AND SALARIES OF COUNCIL MEMBERS

Senator PASTORE. The members of the Council serve without remuneration; is that correct?

Mr. STEVENS. They are allowed \$75 a day and travel expense but they do not receive any salaries.

Senator PASTORE. I see. Only when they do function?

Mr. STEVENS. Yes, on a daily basis.

Senator PASTORE. Will any part of this be used for that purpose?

Mr. STEVENS. Yes, sir.

## STAFF MEMBERS

Senator PASTORE. Now you say you are going to engage five people, staff members?

Mr. STEVENS. That is right, sir.

Senator PASTORE. What will be their classification? I mean what type of people do you expect to engage?

Mr. STEVENS. Roughly there will be a man who can handle writing reports and writing up the—

Senator PASTORE. Sort of a director?

Mr. STEVENS. That is right.

Senator PASTORE. What will be his compensation?

Mr. STEVENS. We have him listed as a GS-16, which is \$18,000 a year. Then we would have an administrative assistant, GS-13, and a GS-12 would be another assistant, to get together the programs. What will be necessary, of course, when the Council meets is to have definite programs arranged and research done so that we can have an intelligent meeting. So it requires a lot of writing and work on the part of the staff people.

Senator PASTORE. This Council will operate under the aegis of the White House?

Mr. STEVENS. It will operate under the aegis of the act I would think, sir.

Senator PASTORE. But it is in the executive department?

Mr. STEVENS. It is in the executive department, yes, sir.

Senator PASTORE. Do you have questions?

## PURPOSE OF THE COUNCIL

Senator SALTONSTALL. Mr. Stevens, what this will do in addition to initiating a greater knowledge of culture and interest in culture and the arts is to coordinate so that, for instance, Massachusetts and California would not go ahead independently on perhaps two projects of the same character? Would that be a proper diagnosis?

Mr. STEVENS. I think the purpose of the Council would be to make information available and make it available to all the States that have councils of their own. There has been a large movement in the States and cities, community arts councils. They are looking to us for being a clearinghouse really for those groups throughout the country.

Senator ALLOTT. What sort of information do you intend to provide?

Mr. STEVENS. For example, if people wanted to build a center of to which they estimate there are 150 community art councils now in the country, there is really no place they can go to get the information. I would hope that our staff could do enough research so that we could assist anyone who wanted information as to how to proceed.

Senator ALLOTT. Do you mean to say that there is not enough private initiative and architectural ability available in this country for these 150 cities that plan to build their own?

Mr. STEVENS. There has been remarkably little information because it is a fairly new field. It is the first time that the communities have undertaken this responsibility. I would think that we could be very helpful. That, of course, is one of various projects we can do. Our fundamental task of this particular council is to advise and promote



the interest of the arts. We want to assemble the members and have a definite program that we can recommend for the people of the country.

Senator ALLOTT. That is all I have, Mr. Chairman.

PRIVATE ORGANIZATIONS ENGAGED IN ART COUNCIL WORK

Senator PASTORE. Is there any private organization or agency that comes close to this function at the present time?

Mr. STEVENS. No, sir.

Senator PASTORE. There isn't?

Mr. STEVENS. There are foundations which have done considerable work. I would say that in the course of its activities the Ford Foundation has a great deal of information and a great knowledge because they have disbursed a great deal of money.

Senator PASTORE. Will this Council cooperate with these foundations?

Mr. STEVENS. Certainly, we ought to. At least the Ford Foundation has indicated they would let us have any information they have available.

Senator PASTORE. In other words, you are saying that unless it is done this way, the job will not be done at all, in all probability?

Mr. STEVENS. I don't see how we can exist without some amount of staff.

Senator PASTORE. I am not speaking about that because, after all, the Congress did pass the act and this is merely an appropriation request to implement what Congress has already decided to do.

Mr. STEVENS. Right.

Senator PASTORE. We realize that. I mean speaking now toward the act because, after all, this will be very important insofar as background, even on this request; this is a function that, unless we pursue this and implement this act, it is the kind of function that will go undone?

Mr. STEVENS. That is right, sir.

Senator PASTORE. Are there any further questions?

Chairman HAYDEN. A number of communications have been received by the committee pertaining to various matters pending before it. I shall insert these communications in the record at this point.

(The material referred to follows:)

## COMMERCIAL FISHERIES RESEARCH AND DEVELOPMENT ACT OF 1964

LETTER FROM HENRY M. JACKSON, A U.S. SENATOR FROM THE STATE OF  
WASHINGTONU.S. SENATE,  
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,  
August 17, 1964.HON. CARL HAYDEN,  
*Chairman, Senate Appropriations Committee,*  
*Washington, D.C.*

DEAR CARL: I am writing regarding the necessity for immediate appropriations to implement Public Law 88-309 (commercial fisheries research and development) which I cosponsored and which became law on May 20 of this year.

I should deeply appreciate your committee's sympathetic consideration of the full \$5,500,000 appropriation request for this very fine program in connection with the last supplemental appropriation bill of this Congress.

The authorization authority of Public Law 88-309 extends for only 5 years. Unless adequate funds are voted this year, one-fifth of this authorization authority will be lost.

With highest regards, I remain,  
Sincerely,

HENRY M. JACKSON, *Chairman.*LETTER FROM HON. SAM J. ERVIN, JR., A U.S. SENATOR FROM THE STATE OF  
NORTH CAROLINAU.S. SENATE,  
*Washington, D.C., August 17, 1964.*HON. CARL HAYDEN,  
*Chairman, Senate Committee on Appropriations,*  
*Senate Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: I respectfully urge that the Senate Committee on Appropriations approve an appropriation to implement the bill, S. 627, which became law on May 20 to promote State commercial fishery research.

The Federal-State program of research and development for our commercial fisheries which this law authorizes has been strongly endorsed by many States, and they have projects they are ready to proceed with just as soon as the funds are appropriated. It is therefore important that these funds be appropriated by this session of the Congress.

With all kind wishes, I am,  
Sincerely yours,

SAM J. ERVIN, JR.

LETTER FROM HON. HUGH SCOTT, A U.S. SENATOR FROM THE STATE OF PENN-  
SYLVANIAU.S. SENATE,  
COMMITTEE ON COMMERCE,  
*August 17, 1964.*HON. CARL HAYDEN,  
*Chairman, Appropriations Committee,*  
*New Senate Office Building, Washington, D.C.*

DEAR CARL: I have been advised that the last supplemental appropriation bill of this Congress is to be voted upon by the Appropriations Committee in the middle of this week. It is my understanding that Senator Bartlett intends to seek to add to this bill \$5.5 million which represents the full funding of the Federal-State program of research and development for commercial fisheries which was authorized by the recently enacted Senate bill, S. 627. As a cosponsor of this law, I urge favorable consideration by the committee of Senator Bartlett's request.

With best wishes, I am,  
Sincerely,

HUGH SCOTT.

LETTER FROM HON. PHILIP A. HART, A U.S. SENATOR FROM THE STATE OF  
MICHIGAN

U.S. SENATE,  
*Washington, D.C., August 19, 1964.*

HON. CARL HAYDEN,  
*Chairman, Senate Committee on Appropriations,  
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: Permit me to add my voice to that of our colleague, Senator Bartlett, in urging a supplemental appropriation in the amount of \$5,500,000 to implement S. 627, which became law on May 20, 1964.

This bill is designed to aid the commercial fishing industry through matching grants to the States. It is a 5-year program, and the need is urgent.

We hope your committee will make it possible for us to begin rehabilitation of this heavily depressed industry without the delay which would be caused by waiting until next year's appropriation bill.

Thank you very much.

Sincerely,

PHILIP A. HART.

LETTER FROM HON. DANIEL B. BREWSTER, A U.S. SENATOR FROM THE STATE  
OF MARYLAND

U.S. SENATE,  
COMMITTEE ON GOVERNMENT OPERATIONS,  
*August 18, 1964.*

HON. CARL HAYDEN,  
*Chairman, Committee on Appropriations,  
U.S. Senate, Washington, D.C.*

MY DEAR SENATOR HAYDEN: As you know, S. 627 was signed into law earlier this year, and is now Public Law 88-309. The law authorizes Federal-State cooperation in a program of research and development for commercial fisheries, a program which is desperately needed in many of our States.

It is my understanding that Senator Bartlett intends to seek a supplemental appropriation of \$5,500,000 in order to fund this program. This supplemental appropriation has my full endorsement, and I sincerely hope that your committee will approve these funds.

With kindest personal regards, I am,

Respectfully yours,

DANIEL B. BREWSTER, *U.S. Senator.*

LETTER FROM HON. EDMUND S. MUSKIE, A U.S. SENATOR FROM THE STATE OF  
MAINE

U.S. SENATE,  
COMMITTEE ON PUBLIC WORKS,  
*August 19, 1964.*

HON. CARL HAYDEN,  
*Chairman, Senate Appropriations Committee,  
U.S. Senate, Washington, D.C.*

DEAR CARL: The legislation to promote State commercial fishery research which I cosponsored was enacted into law on May 20 of this year. This bill received widespread support from members of both parties representing fishery States throughout the Nation.

The program was authorized for a period of 5 years. It is essential that the first year's funds for State commercial fishery research programs be obtained this year, or we will lose a great portion of the effect this program can have on the improvement of the fishing industry. I strongly urge that the full \$5.5 million annual appropriation contemplated in the authorization bill be included in the supplementary appropriations bill to be considered by your committee this week. Your cooperation in this objective would be appreciated.

With kind regards, I am,

Sincerely,

EDMUND S. MUSKIE, *U.S. Senator.*



LETTER FROM HON. HARRISON A. WILLIAMS, JR., A U.S. SENATOR FROM THE  
STATE OF NEW JERSEY

U.S. SENATE,  
COMMITTEE ON BANKING AND CURRENCY,  
August 19, 1964.

HON. CARL HAYDEN,  
Chairman, Committee on Appropriations,  
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I have been greatly concerned to learn that funds to initiate the commercial fisheries research program authorized by Public Law 88-309 were not included in the Interior Department's supplemental appropriations request.

As a sponsor of this legislation, I am very aware of the urgent need to get the program underway at the earliest possible time. I strongly urge the approval of an additional sum of \$5,500,000, the full amount authorized for the program, when the supplemental appropriations bill is considered for fiscal year 1965.

Best personal regards.

Sincerely,

HARRISON A. WILLIAMS, Jr.

LETTER FROM HON. MAURINE B. NEUBERGER, A U.S. SENATOR FROM THE  
STATE OF OREGON

U.S. SENATE,  
COMMITTEE ON AGRICULTURE AND FORESTRY,  
August 19, 1964.

HON. CARL HAYDEN,  
Chairman, Senate Appropriations Committee,  
U.S. Senate, Washington, D.C.

DEAR SENATOR: Senator Bartlett has advised me of his intention to seek funds in the final supplemental appropriation bill of the session to fund the State commercial fishery research which was authorized under Public Law 88-309. I was one of the cosponsors of S. 627, the measure finally enacted, and I would strongly support funds for the fishery research provided for in that act.

Your favorable consideration will be appreciated.

With best wishes, I am,

Sincerely yours,

MAURINE B. NEUBERGER, U.S. Senator.

LETTER FROM HON. THOMAS J. DODD, A U.S. SENATOR FROM THE STATE OF  
CONNECTICUT

U.S. SENATE,  
COMMITTEE ON THE JUDICIARY,  
August 18, 1964.

HON. CARL HAYDEN,  
Chairman, Senate Appropriations Committee,  
New Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: On May 20 of this year, S. 627 which will promote State commercial fishery research became law. The bill was cosponsored by 30 Senators from all sections of the country and the purpose of the law is to develop a Federal-State program of research looking toward a more efficient commercial fishery industry and this program, which will run for 5 years, calls for the appropriation of the modest sum of \$5,500,000, for the first year.

It is my understanding that these funds will be considered for approval in a supplemental appropriation bill to be acted upon by the Senate Appropriations Committee this week.

I most strongly urge that your committee give favorable consideration to this request for I know this bill means a great deal to the commercial fishery industry in Connecticut and in many other States of the Union.

With best wishes.

Sincerely yours,

THOMAS J. DODD.

LETTER FROM HON. RUSSELL B. LONG, A U.S. SENATOR FROM THE STATE OF LOUISIANA

U.S. SENATE,  
Washington, D.C., August 24, 1964.

HON. CARL HAYDEN,  
Chairman, Senate Appropriations Committee,  
New Senate Office Building, Washington, D.C.

DEAR SENATOR: It is my understanding that the Appropriations Committee will be considering a proposal by Senator Bartlett that necessary funds be appropriated for the purpose of commercial fisheries research under Public Law 88-309.

I should like to lend my support to Senator Bartlett's proposal and to ask for your favorable consideration of this item, which is so vital to this country if we are to keep pace with the efforts of Russia, Japan, and other nations in this field.

A program of this sort is long overdue, and it is my hope that it would not be further delayed by a lack of funds during the coming year.

With appreciation for your assistance in this matter, and with best personal regards, I am,  
Sincerely,

RUSSELL LONG.

LETTER FROM E. WINSLOW TURNER, LEGISLATIVE ASSISTANT TO HON. EDWARD M. KENNEDY, A U.S. SENATOR FROM THE STATE OF MASSACHUSETTS

U.S. SENATE,  
COMMITTEE ON LABOR AND PUBLIC WELFARE,  
September 22, 1964.

HON. CARL HAYDEN,  
Chairman, Senate Committee on Appropriations,  
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Senator Kennedy has asked me to express to you and to the members of the Appropriations Committee his strong support for supplemental funds recommended by Senator Bartlett concerning fish research (S. 627), and for an appropriation of \$3 million recommended by the Bureau of the Budget for the construction and rehabilitation of fishing vessels (S. 1006).

The fishing industry is an important part of the economy of Massachusetts and of many other coastal States in the country. The two pieces of legislation referred to above, and other measures passed by this Congress, have given the fishing industry a great incentive for future growth. Senator Kennedy urges that every consideration be given to appropriating as full an amount as possible under this fishing legislation in order to obtain the maximum effectiveness intended by Congress.

Your consideration of the Senator's views will be most appreciated.

Sincerely,

E. WINSLOW TURNER,  
Legislative Assistant to Senator Edward M. Kennedy.

#### CONSTRUCTION OF FISHING VESSELS

STATEMENT OF HON. WILLIAM H. BATES, A U.S. REPRESENTATIVE FROM THE STATE OF MASSACHUSETTS

I appreciate this opportunity to urge your committee's approval of the \$3 million appropriation requested for the Department of the Interior, Bureau of Commercial Fisheries, to launch the fishing vessel construction program under the U.S. Fishing Fleet Improvement Act of 1964 (Public Law 88-498). Although I believe that the full \$10 million authorized by this act should be provided annually for the next 5 years for this purpose, I am happy to support this lesser amount at this time in order to see this vital program get underway.

As you know, the American fishing industry all too long has been in need of the aid which the Fishing Improvement Act affords. It has for years been gravely affected by competition from foreign vessels, which enjoy a construction differential of up to 50 percent less than the cost of comparable craft built in the United States and which, in most cases, are subsidized by their own governments. The restriction (46 U.S.C. 11) that a vessel must be constructed in the United

States if it is to be documented as a U.S. fishing vessel has virtually prevented replacement of our fishing fleet. At last, that overdue replacement can be started by this initial appropriation.

I say that if it is national policy to require fishing vessels to be built in this country, then the Nation as a whole should pay the price of this national policy—not the distressed fishermen alone. To give those men the tools with which to revitalize our Nation's oldest industry, therefore, I hope that favorable consideration will be given the appropriation request now before you.

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DIXIE PROJECT, UTAH

LETTER FROM HON. FRANK E. MOSS, A U.S. SENATOR FROM THE STATE OF UTAH

U.S. SENATE,  
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,  
August 19, 1964.

HON. CARL HAYDEN,  
Chairman, Senate Appropriations Committee,  
U.S. Senate, Washington, D.C.

DEAR CARL: You will recall that in April I appeared before the Reclamation Subcommittee of the Senate Appropriations Committee to request that funds be provided for the Dixie reclamation project in southern Utah. At that time, the bill had been passed by the Senate, but not by the House of Representatives. I predicted House passage this session, however, and requested funds on that basis. However, they were denied.

The House passed the Dixie bill (S. 26) on Monday, and I have today decided to accept the amendments inserted by the other body because of the overriding urgency to start construction. For this reason, I am renewing my request for funds, and am asking that they be included in the proposed fiscal 1964 supplemental appropriations now before the committee.

The Bureau of Reclamation has advised me it can use \$364,000 to advantage in the fiscal year 1965 for detailed preconstruction studies on Dixie. These studies would involve detailed engineering surveys to collect final design data, preparation of final designs and specifications, land classification studies, and discussions with local people regarding repayment arrangements. This would advance preconstruction work to the point that actual construction could be undertaken in the fiscal year 1966.

As you know, the Dixie project is a good project, and worthy of early construction. It has a benefit-cost ratio 2.1 to 1, and it has almost the universal support of residents of Washington County, where it will be located, and of the State of Utah at large. We have been seeking the project for many years.

The point I wish to stress today, however, is that the estimated annual benefits from this \$43 million project will be about \$4 million. This means that every year we delay construction, we are denying the people of this country, and primarily the people of St. George and Washington County, of \$4 million which could be pouring into their economic mainstream.

We have the opportunity to push up the construction date on this project by a full year by providing funds for preconstruction studies in the supplemental bill now before the committee. I most earnestly request that this be done.

Sincerely,

FRANK E. MOSS, *U.S. Senator.*

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STATEMENT BY HON. WALLACE F. BENNETT, A U.S. SENATOR FROM THE STATE OF UTAH

Mr. Chairman, I appreciate the opportunity to appear before this distinguished committee today. I come once again to voice my complete and enthusiastic support of the Dixie project in Washington County, Utah, and to call the committee's attention to the urgent need to commence construction of this vital reclamation project at the earliest possible date. The committee is currently considering the supplemental appropriations bill, and I respectfully urge the inclusion of \$365,000, to complete the final plans preparatory to commencement of construction of the Dixie project. This is the amount which the Bureau of Reclamation has advised me can be profitably used this year, and which will save a full year's time in getting the Dixie project underway.



As the committee knows, the House of Representatives Monday approved H.R. 3279 (which was subsequently vacated and S. 26 passed in lieu) to authorize the Secretary of the Interior to construct, operate, and maintain the Dixie project, Utah. The Senate last October gave its unanimous approval to the bill; thus, House passage marked a significant final milestone in the long struggle to obtain authorization. It may be necessary for the bill to go to a conference committee to reconcile the differences in the Senate- and House-passed versions; however, it has wide bipartisan support and the conference report is expected to be issued without delay.

Approval of the Dixie project authorization bill has come late in the session, too late for funds to be included in the public works appropriations bill. We in Utah are very concerned about getting the project underway as soon as possible, and the sum of \$365,000 is needed this fiscal year to enable the Bureau of Reclamation to complete the definite plan report on the project and other final details. This would advance preconstruction work to the point where actual construction can commence the following fiscal year. The inclusion of funds now will thus advance the project a full year.

Time is of the essence. The towns of southern Utah are undergoing a period of transition and reappraisal. Already modern interstate highways are bypassing communities whose lack of water and many natural resources has forced them to lean heavily on the tourist trade.

The climate of the Dixie project area is arid, with rainfall averaging only about 8 inches a year, and an adequate and dependable water supply for irrigation and for municipal use is its paramount need. The unregulated waters of the Virgin and Santa Clara Rivers some years present the area with extreme drought conditions; yet at times periodic flash floods destroy crops and wash away valuable farmlands.

Development of water storage facilities in the Dixie project area will provide for the conservation and orderly release of water that is now wasted in floods. The project also will permit the conservation of those portions of normal flows which are in excess of immediate requirements for irrigation and other purposes.

The Dixie project would bring to the area the assurance of plentiful water, electric power, recreation resources and other values that will serve as the foundation for a revitalized and modernized agricultural development and will permit local industry and population growth. The future of the entire area is dependent upon the Dixie project.

The Dixie project is a proposed multiple-purpose water resource development in the Virgin River Basin in southwestern Utah. By regulation of flows of the Virgin River and its tributary, the Santa Clara River, the project would provide supplemental irrigation water to 9,455 acres of presently developed land and a full water supply for 11,615 acres of new land. The city of St. George would be provided with 5,000 acre-feet of water annually for municipal and industrial purposes. Construction of three powerplants would produce about 44,500,000 kilowatt-hours of firm electric energy and about 1,900,000 kilowatt-hours of secondary energy for sale annually. In addition, minor flood control benefits would result, as would fish and wildlife and recreation benefits.

The major benefits of the project of course will accrue to Washington County, Utah's Dixie, in which the main facilities will be located.

Cedar City, in Iron County, will also be benefited through an amendment which points out the already existing contractual arrangement under which the Cedar City area would receive 8,000 acre-feet of water annually. This language was written so that Cedar City's citizens would be fully protected. When the Kolob Dam and Reservoir was constructed by the Kolob Reservoir and storage in Washington County in 1956, it was agreed that Cedar City would construct works for the diversion of up to 8,000 acre-feet of water from tributaries of the Virgin River for municipal use. It should be noted that Cedar City agreed to reimburse the project for power revenue losses resulting from this diversion.

During the course of the hearings on the Dixie project, it was repeatedly illustrated that the people of Utah are united in their earnest desire to see the Dixie project built after its having been under study by the Bureau of Reclamation since at least 1918. It was only World War II which blocked much earlier construction of the project at a cost that would have been but a relatively small fraction of the burdens the people of Utah's Dixie are willing to undertake today so that the project may become a reality. In order to make the project economically feasible, the local people have agreed to impose an almost unprecedentedly high tax burden of 5 mills to repay their share of the costs. In addition they have established the Washington County Water Conservancy District to

demonstrate their full backing of the project. The project costs will be repaid with interest in 50 years. It is economically sound, having a cost-benefit ratio of 2.2 to 1.

The need for the project is urgent. With the sum of \$365,000, all preconstruction planning and studies can be completed and construction commenced without delay.

I respectfully urge the committee to add that amount to the supplemental appropriations bill.

Thank you.

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OFFICE OF WATER RESOURCES RESEARCH

LETTER FROM HON. CLINTON P. ANDERSON, A U.S. SENATOR FROM THE STATE OF NEW MEXICO

U.S. SENATE,  
COMMITTEE ON AERONAUTICAL AND SPACE SCIENCES,  
*August 19, 1964.*

HON. CARL HAYDEN,  
*Chairman, Committee on Appropriations,  
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: I understand that there is included in the supplemental appropriations bill \$1,535,000 for the Water Resources Research Act. I think this would provide approximately \$75,000 first-year grants to 15 State colleges and provide about \$250,000 matching funds for research projects and \$160,000 for tooling up an administration in the Department of the Interior.

I know that the President is eager to hold sums in the supplemental appropriation bill to the smallest possible figure but I think the above amount will permit us to get started. I know the administration will get many applications for first-year grants and I think we should have some indication in the supplemental appropriation bill that the committee recognizes that a college or university in each State will be eligible for funds and that we expect the executive branch to request funds necessary to meet grant obligations when the machinery is set up in the Department of the Interior for administration of this act. I would, therefore, appreciate your committee considering inserting the following language in the committee report in regard to present and future funds for carrying out the purposes of this act.

"The sum provided for the new water resources research program includes funds for \$75,000 first-year grants to 15 land-grant colleges or universities. A college or university in each of the 50 States and Puerto Rico is eligible under the act for such grants, and applications from most of them are expected. The committee will expect the Secretary of the Interior to annually at the opening of Congress request funds necessary to meet total obligations under the act. It is not intended that there be any discrimination between applicant colleges and universities as a result of the initial amount appropriated in this act.

Sincerely yours,

CLINTON P. ANDERSON.

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SAN CARLOS PROJECT POWER SYSTEM

CORRESPONDENCE SUBMITTED BY HON. CARL HAYDEN, A U.S. SENATOR FROM THE STATE OF ARIZONA

DEPARTMENT OF THE INTERIOR,  
BUREAU OF INDIAN AFFAIRS,  
*Washington, D.C., August 20, 1964.*

HON. CARL HAYDEN,  
*U.S. Senate, Washington, D.C.*

DEAR SENATOR HAYDEN: Reference is made to your letter dated August 18, 1964, regarding the need for additional funds during this fiscal year for the completion of the San Carlos power system.

There is a need for the amount of \$126,000 for the completion of a conversion to a higher voltage system during the fiscal year 1965. This amount had been included in the fiscal year 1966 preliminary budget estimate; however, it is deemed necessary to complete this work at the earliest possible date to relieve a serious

overload condition of the Coolidge substation. The early completion of this proposed program also will permit:

1. An alternate source of power and energy to serve the Titan missile silo sites near Oracle Junction.
  2. Elimination of the autotransformer bottleneck between the 69-kilovolt system and the 44-kilovolt Hayden-Oracle Junction system.
  3. Serving upriver without excessive voltage variations under load imposition.
- This amount will provide funds for the following program items:

1. Hayden-Tiger 44/69 transformer line reconstruction.....	\$119, 000
(a) Completion of line reconstruction.....	95, 000
(b) Loop line switching.....	24, 000
2. Feldman substation 44/69 conversion.....	3, 000
3. Celaya substation 44/69 conversion.....	4, 000

Your interest in this matter is appreciated.

Sincerely yours,

JOHN O. CROW,  
*Deputy Commissioner.*

AUGUST 18, 1964.

Mr. JOHN O. CROW,  
*Deputy Commissioner,*  
*Bureau of Indian Affairs,*  
*Department of the Interior,*  
*Washington, D.C.*

DEAR MR. CROW: Enclosed is an exchange of correspondence between the San Carlos irrigation project and the area director, Bureau of Indian Affairs, Phoenix, Ariz., with regard to the need of obtaining additional funds during this fiscal year for completion of the project's power system.

You will note that in converting to a higher voltage, there is some concern that if the project is not completed as early as possible there may be a chance of damaging the partially completed power system. Therefore, I will appreciate your giving this matter prompt attention and advising me of the amount that would be needed for completing the project and if such money can be used during the present fiscal year. This information of course will be needed before the end of the present session of Congress.

Yours very sincerely,

CARL HAYDEN, *U.S. Senator.*

JULY 24, 1964.

COMMISSIONER OF INDIAN AFFAIRS,  
*Washington, D.C.*

SIR: Reference is made to our letter of July 17, 1964, requesting funds for completion of the reconstruction of the Monmouth-Hayden 44-kilovolt electric transmission line to 69 kilovolts, at the San Carlos irrigation project.

Enclosed is a copy of a letter dated July 20, 1964, from Mr. Morris M. Soma, district manager, San Carlos Irrigation and Drainage District, confirming the agreement of the board of directors of the district in the need for these funds.

We hope the request will receive favorable action.

Sincerely yours,

GEORGE F. HEDDEN, *Assistant Director.*

JULY 20, 1964.

Mr. MARVIN D. YOUNG  
*Project Engineer, San Carlos Project,*  
*Coolidge, Ariz.*

DEAR MR. YOUNG: Reference is made to our recent meeting and discussion, and your letter of July 13, 1964, to the area director regarding the urgent need for additional construction funds for the San Carlos project's power system for 1965.



This is to confirm to you that the board of directors of the district and myself fully agree that the additional funds are urgently needed for the reasons and purposes as set forth in your letter of July 13.

If we can further assist you in your efforts to secure the needed funds, please advise.

Yours sincerely,

NORRIS M. SOMA, *District Manager.*

JULY 17, 1964.

COMMISSIONER OF INDIAN AFFAIRS,  
*Washington, D.C.*  
(Attention of Branch of and Operations).

SIR: Enclosed herewith is a copy of a letter dated July 13 from Project Engineer Marvin D. Young, San Carlos irrigation project, requesting \$104,000 for completion of the reconstruction of the Mammoth-Hayden 44-kilovolt electric transmission line to 69 kilovolts. This matter was brought to the attention of Mr. Hull and Mr. Cornelius of the Branch of Land Operations, Washington office, in a telephone conversation today.

The fiscal year 1966 budget estimates contain an item of \$119,000 for completion of the reconstruction of this transmission line and for loop line switching. Additional items of \$3,000 and \$4,000 for the Feldman and Coleys substations bring the requirement to \$126,000, including the loop line switching, or \$102,000 without the loop line switching. This figure corresponds to the \$104,000 requested in Mr. Young's letter of July 13.

The principal reason for asking for the funds at this time instead of waiting until fiscal year 1966 is the overloaded condition of the Coolidge 115 kilovolt/69 kilovolt substation. Except for project generation, which is minor, all the project load presently must be carried through the Coolidge substation. It is seriously overloaded. Completion of the new Oracle Junction 115 kilovolt/69 kilovolt substation is nearing. This new substation has a capacity of 10,000 kilowatts and all of the loads in the Oracle, Mammoth, San Pedro Valley, Hayden, and San Carlos Reservation portions of the project system can be transferred to it, thus greatly reducing the load on the Coolidge substation. While the item for loop line switching is not included in the July 13 request, we feel it would be an important asset, and funds for it should be provided, if possible.

The project engineer did not request funds for conversion of the Oracle and Mammoth substations to 69 kilovolts, and we assume this will be done with funds presently available to the project. The transmission line to these substations from the new 115-kilovolt/69 kilovolt Oracle Junction substation has already been converted to 69 kilovolts, although the line will be operated at 44 kilovolts until the new substation is completed.

A review of the construction and rehabilitation funds available to the Phoenix area office for fiscal year 1965 has been made, but we do not see where the program for use of these funds can be reduced materially. We hope that \$126,000 can be made available from other sources which might be available to the Washington office.

Sincerely yours,

W. WADE HEAD, *Area Director.*

DEPARTMENT OF THE INTERIOR,  
BUREAU OF INDIAN AFFAIRS,  
*Coolidge, Ariz., July 13, 1964.*

Mr. W. WADE HEAD,  
*Area Director, Phoenix, Ariz.*  
(Attention of Area Irrigation Engineer).

DEAR MR. HEAD: Pursuant to my recent conversation with Mr. Rupkey I am submitting herewith a request for additional funds for the San Carlos project's power system for fiscal year 1965.

The preliminary estimates indicate that we can expect a total of \$138,500 for power construction funds for the ensuing fiscal year. Of this amount \$38,500 is to be used for the rehabilitation of the Hayden substation and \$100,000 for powerline extensions to project customers. These amounts are considerably below our needs for fiscal year 1965 particularly in view of the need to complete our 69-kilovolt tieline from the Hayden substation to the new Oracle Junction substation.

The tieline from Oracle Junction to Mammoth is complete. Approximately 6 miles of the Hayden-Mammoth line were recently completed with Arizona State highway funds that were provided by the State as a result of the relocation of a portion of U.S. Highway 77 between Winkelman and Mammoth, Ariz. Materials are on order for an additional 8 miles, leaving 7.2 miles of the 44-kilovolt line that should be rehabilitated in the 1965 fiscal year program, in order to fully utilize this line at 69,000 volts. This cost is estimated at \$88,000.

We should then reconstruct the Celaya and Feldman substations which are located between Hayden and Mammoth, at a cost of \$16,000. The total of this request for additional rehabilitation funds is \$104,000.

If these additional funds were allocated to the project we could then complete the conversion of the 44,000-volt system to 69,000 volts, which would materially reduce our present transmission line energy losses, materially reduce maintenance costs and permit us to furnish a large part of the project's power needs from the new Oracle substation; thus relieving the drastically overloaded condition of the Coolidge substation.

*Proposed additional fiscal year 1965 rehabilitation and retirement program*

Rehabilitation and retirement of Mammoth-Hayden 44-kilovolt line for 69-kilovolt operation-----	\$104,000
A. Reconstruct 7.2 miles of line-----	\$88,000
(1) Aravaipa-Feldman, 4.7 miles-----	58,000
(2) Winkelman-Hayden, 2.5 miles-----	30,000
B. Substation reconstruction for 69/12.5-kilovolt operation-----	16,000
(1) Celaya substation-----	5,000
(2) Feldman substation-----	11,000

JUSTIFICATION

The completion of the Oracle Junction-Hayden 69-kilovolt tieline is imperative to permit operation of the 69-kilovolt loop between the project's Coolidge substation and the new Oracle Junction tap substation to the Bureau of Reclamation's Parker-Davis 115-kilovolt transmission system.

The following is cited for justification. Completion of the rehabilitation and betterment program proposed will permit:

(1) An alternate source of power and energy to serve the TITAN missile silo sites near Oracle Junction.

(2) Transfer of sizable portions of the project's upriver loading to the Oracle Junction substation to relieve overloaded equipment in the Bureau of Reclamation's Coolidge substation facilities.

(3) Elimination of the autotransformer bottleneck between the 69-kilovolt system and the 44-kilovolt Hayden-Oracle Junction system.

(4) Serving upriver loads without excessive voltage variations under load imposition.

Power Manager Raymond Jones, at my request, prepared the proposed additional rehabilitation and betterment program with justifications, which I attach. All of the contemplated rehabilitation and construction work will be done by our regular force account people.

I have discussed this proposal with the San Carlos Irrigation & Drainage District manager, Mr. Norris M. Soma, and I am assured that he and the Board are in agreement with the proposal. It is my understanding that Mr. Soma will furnish me with a letter to this effect.

Sincerely yours,

MARVIN D. YOUNG, *Project Engineer.*

## FLOOD AND STORM DAMAGE REPAIR WORK IN MONTANA

LETTER FROM HON. MIKE MANSFIELD, A U.S. SENATOR FROM THE STATE OF MONTANA

U.S. SENATE,  
OFFICE OF THE MAJORITY LEADER,  
Washington, D.C., August 21, 1964.HON. CARL HAYDEN,  
*Chairman, Committee on Appropriations,  
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: The supplemental appropriations request now before the Congress mentions a \$700,000 item for the Fish and Wildlife Service. A large portion of this money is being requested for storm and flood damage repair work in the State of Montana.

I am informed that \$316,000 is requested for the Charles M. Russell National Wildlife Range where extensive damage was created during the recent flood; \$74,000 is requested for the Fort Benton National Wildlife Range. These requests have Senator Metcalf's and my wholehearted support. However, we understand that a complete restoration program would require \$120,000, and an additional \$13,000 is needed for repair work on the National Bison Range, an item which was not included in this supplemental request.

While I realize that there are certain economic considerations, I am firmly convinced that it is false economy not to seek the full amount when it is economically justified. I urge that the committee thoroughly review this situation in Montana and give favorable consideration to an increase in the Fort Benton item and the inclusion of the necessary money for repairs on the National Bison Range. Senator Metcalf and I will appreciate your cooperation in this matter.

With best personal wishes, I am,

Sincerely yours,

MIKE MANSFIELD.

## UPPER COLORADO RIVER STORAGE PROJECT

LETTER FROM HON. GORDON ALLOTT, A U.S. SENATOR FROM THE STATE OF COLORADO

U.S. SENATE,  
COMMITTEE ON APPROPRIATIONS,  
September 2, 1964.HON. CARL HAYDEN,  
*Chairman, Senate Appropriations Committee,  
Senate Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: As you know, the Congress has recently passed authorizing legislation for the Fruitland Mesa, Bostwick Park, and Savery-Pot Hook projects, as participating projects under the Colorado River Storage Project Act. I expect the authorization bill to be signed into law in the near future, possibly today.

At my request, the Department of the Interior has furnished me with the following figures:

## FRUITLAND MESA

Total estimated Federal obligations, \$26.3 million; total planning cost, \$612,000; preconstruction planning funds which Bureau of Reclamation could use in fiscal year 1965, \$75,000.

## BOSTWICK PARK

Total estimated Federal obligations, \$3.62 million; total planning cost, \$284,000; preconstruction planning funds which Bureau could use in fiscal year 1965, \$80,000.

## SAVERY-POT HOOK

Total cost, \$14.327 million; total planning cost, \$717,000; preconstruction planning funds which Bureau could use in fiscal year 1965, \$25,000.

The Department also informed me that if they were granted the \$75,000 for Fruitland Mesa, they would save 6 months to a year on time of final completion, and that if they received the \$80,000 for Bostwick Park, they would probably save 3 to 4 months on final completion. If you concur with me, I would like to request that these funds be added to the fiscal 1965 supplemental appropriations bill



presently pending before the committee. I would ask nothing for the Savery-Pot Hook project because, although the Bureau could use the funds, they say that granting the funds now would save no time in final completion. If you would like any further information for the record, I would, of course, be happy to furnish it.

Best regards.

Sincerely yours,

GORDON ALLOTT, *U.S. Senator.*

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ROAD ON THE UINTAH-OURAY INDIAN RESERVATION

LETTER FROM HON. FRANK E. MOSS, A U.S. SENATOR FROM THE STATE OF UTAH

U.S. SENATE,  
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,  
*September 8, 1964.*

HON. CARL HAYDEN,  
*Chairman, Senate Appropriations Committee,*  
*Washington, D.C.*

DEAR CARL: This is to request that the subcommittee consider writing into the supplemental appropriation bill now under consideration the sum of \$440,000 for construction of a road across the Uintah-Ouray Indian Reservation in Duchesne County, Utah.

The road in question is part of a route from the city of Duchesne to Moon Lake resort. This beautiful, scenic area is frequented by thousands of visitors each year, and there are no hard-surfaced roads leading to it. A section of the road traverses the Ashley National Forest, and I understand that the Forest Service has agreed to bring their section of the road to a paved standard. In fact, the Forest Service portion of the Moon Lake Road is nearly completed.

There is, however, a section of about 11 miles in Uintah Canyon which traverses the Uintah-Ouray Indian Reservation, and on which almost no money has been spent recently. The Duchesne County commissioners feel that they cannot improve the road since it is not on the county system. The Bureau of Indian Affairs has declined to do anything about it, although I have had numerous conferences with officials on this, because the road is not specifically needed for Indian use. I know of no way to get funds for this road other than to appropriate them and earmark them for this specific use.

The Bureau of Indian Affairs has advised me that it would require approximately \$440,000 to build the section of the road in question, and I sincerely hope that the committee will give consideration to my request that the funds be added to the supplemental appropriation bill now under consideration.

Sincerely,

FRANK E. MOSS, *U.S. Senator.*

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CANYONLANDS NATIONAL PARK, UTAH

LETTER FROM HON. FRANK E. MOSS, A U.S. SENATOR FROM THE STATE OF UTAH

U.S. SENATE,  
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,  
*September 15, 1964.*

HON. CARL HAYDEN,  
*Chairman, Senate Committee on Appropriations.*

DEAR MR. CHAIRMAN: Now that legislation to provide for establishment of the Canyonlands National Park in the State of Utah has become Public Law 88-590, I write to urge your committee to include an item of \$1 million in the supplemental appropriations bill for fiscal 1965 for the use of the Department of Interior on surveys and a preconstruction program.

On the question of development funds, provisions of the bill as agreed upon by the conferees are considered to carry adequate authorization of development funds.

With the "no mining" restrictions imposed by the House conferees in the establishment of this new national park, it is essential to the economy of the area that this development work be started without delay.

The Department of the Interior informs me that they can use the funds which I am urging your committee to appropriate this year for preconstruction plans for both north and south park headquarters, visitors centers, and access roads to the more spectacular areas within the park.

Sincerely,

FRANK E. MOSS, *U.S. Senator.*

LETTER FROM HON. WALLACE F. BENNETT, A U.S. SENATOR FROM THE STATE OF UTAH

U.S. SENATE,  
*Washington, D.C., September 14, 1964.*

HON. CARL HAYDEN,  
*U.S. Senate, Washington, D.C.*

DEAR CARL: As you know, the President on September 12 signed into law legislation which establishes the Canyonlands National Park in southeastern Utah. All of us in Utah are proud of the fact that now our State is only the second in the Nation to enjoy three national parks.

However, Utah's third national park is in perhaps the last remaining desolate area in the country. The region is largely inaccessible to the average tourist. Consequently, it is of little scenic value to the people of America or to the economy of the citizens in the region. Therefore, I am writing to urge respectfully that you favorably consider a \$1 million supplemental appropriation this year to complete road surveys, design of two visitor centers, and preconstruction activity on connecting and access roads for the park.

The so-called Bennett amendment to the Canyonlands bill, section 4, authorizes the construction not only of entrance roads to the park from U.S. Route 160 and State Routes 24 and 95, but it also authorizes connection roads between entrance roads and between roads entirely within Canyonlands National Park.

Therefore, I would recommend specifically that the \$1 million appropriation be used for the following:

1. To complete the survey and preconstruction work on an access road from the Moab area to Dead Horse Point, the proposed northern park headquarters, Standing Rock Basin, Grand View Point, and Upheaval Dome.

2. To complete surveys and preconstruction work on an entrance road from the Monticello area to the proposed southern park headquarters, Tower Ruin, Cave Spring, the confluence exhibit shelter, Devils Pocket, and Chesler Park areas in the Needles country.

3. A survey should be made of an access road from the Hanksville area to scenic areas in the west of the Canyonlands Park.

4. A survey should be made of a road to connect the Hanksville and Monticello area entrance roads. Presumably this would follow Utah Highway 95 from Hanksville to Blanding.

5. The remainder of the funds should be used to design both the north and south park headquarters and to survey other proposed roads and trails within the park.

The early start of survey work and construction on these roads and visitor centers would provide the nucleus for later appropriations and budget requests.

America's tourists are very anxious to see this vast wonderland of superior quality and beauty, history and science. However, they can't see a thing until some access roads are established to eliminate time-consuming and arduous walking trips. Therefore, I again respectfully urge the Appropriations Committee's favorable consideration of this request.

Sincerely,

Wallace,  
WALLACE F. BENNETT.

## MONTANA FLOOD

LETTER FROM HON. MIKE MANSFIELD AND HON. LEE METCALF, U.S. SENATORS  
FROM THE STATE OF MONTANA

U.S. SENATE,  
OFFICE OF THE MAJORITY LEADER,  
Washington, D.C., September 22, 1964.

HON. CARL HAYDEN,  
Chairman, Committee on Appropriations,  
U.S. Senate, Washington, D.C.

DEAR SENATOR HAYDEN: It has just been called to our attention that the House Appropriations Committee disallowed a \$160,000 budget request for the Geological Survey in H.R. 12633 (1965 supplemental appropriations) on which you have been holding hearings. Unfortunately, we were unable to testify on this matter at the appropriate time during the regular course of hearings, so we would like to call certain facts to your attention in the hope you could still take them into consideration.

The item in question was part of a \$545,000 request for the Geological Survey. The other \$335,000, which was also disallowed, was for geological studies of the Alaskan earthquake.

The \$160,000 pertaining to Montana involved \$70,000 for repair and replacement of 30 gaging stations which measure the flow of various streams and \$90,000, for preparation of a detailed record of floodflows at various gaging station sites, peak flows at other sites, and for determination and preparation of a detailed record of peak and cumulative flows of various tributaries and for preparation of a comprehensive report of the pattern and causes of the flood. This report would not only include data collected by the Geological Survey, but also information collected by the Weather Bureau, the Corps of Engineers, and other agencies relating to factors such as the weather, snow cover, and flood profiles at various points. In short, the Geological Survey report would provide information which is necessary for future planning, design and construction of dams, bridges, roads, and other facilities and several other agencies—the Corps of Engineers, Bureau of Reclamation, Bureau of Public Roads, Bureau of Indian Affairs, Forest Service, and the Montana Highway Department—are anxious to receive it.

We have been informed that the total cost of the Geological Survey work which needs to be done in Montana is \$230,000.

As you know, the House committee disallowed the request for funds for both the Alaska and Montana studies on grounds that the agency could absorb the added requirements in funds already appropriated. We are informed, however, that this could not be done without diverting funds from other commitments and necessary projects. In fact, the Montana district engineer for the Geological Survey informs us that the total cost of the work which needs to be done in Montana is \$230,000 and that \$70,000 of this cost has already been absorbed by diversion of funds from other projects. Apparently this fact was not brought to the attention of the House committee at the time the request was disallowed.

Recent information from the Office of Emergency Planning indicated that the Montana June flood was the worst flood and the seventh worst disaster in which that agency was involved since its creation in 1953. Thus the proposed Geological Survey studies should prove of incalculable value in other States as well as Montana.

Anything you can do in this matter would be greatly appreciated.

Sincerely,

MIKE MANSFIELD, U.S. Senator.  
LEE METCALF, U.S. Senator.

Senator PASTORE. Thank you very much, gentlemen.



## ARMY CIVIL FUNCTIONS, CONSTRUCTION, GENERAL

## EXPANSION OF ALASKAN HARBORS

Senator HAYDEN. Senator Bartlett has previously submitted a request for funds for the expansion of four harbors in Alaska destroyed by the earthquake and currently being restored with funds provided by the Office of Emergency Planning under its disaster relief activities. At this point in the record I would like to insert statements prepared by the Corps of Engineers in support of the funds requested, together with a breakdown of existing contracts to cover the presently authorized expansion. The estimated cost of the proposed expansion of these four harbors, if the work must be rebid, is \$2,100,000; however, if the present options can be exercised, this work can be accomplished with an appropriation of \$1,500,000. The corps will inform the committee at an early date if the options are still valid.

(The information referred to follows:)

## PROJECT: HOMER HARBOR, ALASKA (EXPANSION)

*Summarized Financial Data*

Total estimated Federal cost.....	\$730, 000
Total appropriations to date.....	0
Balance to complete.....	730, 000

*Authorization.*—Alaska Omnibus Act, Public Law 88-451.

*Location and description.*—Homer is located on the southwest side of the Kenai Peninsula near the entrance of Kachemak Bay off Cook Inlet. The plan of improvement provides for the expansion of the small-boat harbor, the restoration of which is now under construction. The proposed plan for expansion provides for dredging a 7.3 acre anchorage basin to a depth of 15' mean lower low water, modification of the existing breakwater and extension of the north breakwater. With the expansion, the basin will provide accommodations for 200 boats.

*Proposed operations.*—The amount of \$730,000 could be used to initiate and complete expansion of the small-boat harbor.

## JUSTIFICATION

Population of Homer has increased from 380 in 1950 to 2,200 at present. Recreation needs have increased rapidly due to population pressures from the Anchorage area. Crab fishing has increased nearly 20 times in the past 3 years. If the economy of Homer, which is presently related to fishing and water-oriented activities, is to grow, enlarged basic harbor facilities are required. With the growing shellfish and bottomfish industries, existing salmon fishery, the oil, gas, and coal potential, and expanding tourist industries, additional harbor space is paramount for the Homer area. The benefit-to-cost ratio of the expansion is 1.7 to 1.

*NOTE.*—If the work of enlargement of the harbor is performed under the existing contract for the restoration work, the estimated cost could be reduced to \$590,000. The savings will result from elimination of major costs in connection with mobilization and demobilization of a dredge with attendant plant and lower unit costs for rock.

## CONTRACT DATA

*Navigation season.*—Throughout year.

*Construction season.*—April to November 15; possibly longer, especially dredging.

*Restoration*

Contract cost.....	\$964, 235
Mobilization and demobilization.....	90, 000
Dredging, 483,000 cubic yards, at \$0.75.....	362, 250
Armor rock, 22,400 tons, at \$7.85.....	175, 840
Core and blanket, 39,700 tons, at \$7.85.....	311, 645
Remaining of portion of breakwater, 4,900 tons, at \$5.....	24, 500

*Enlargement—Option cost*

Mobilization and demobilization.....	0
Dredging, 293,000, at \$0.62.....	180, 950
Armor, 16,600, at \$6.80.....	112, 760
Core, 25,900, at \$6.75.....	173, 795
Boat launch ramp.....	16, 320
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Total.....	483, 825
Contingency.....	48, 000
Government costs.....	60, 000
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Total.....	591, 825

*Limiting date options.*—Expired August 29 but could be extended to September 15, 1964.

*Method of dredging.*—Land equipment.

*Schedule.*—Complete restoration by June 8, 1965. However, by November 15, 1964, a major and usable part of the restoration work will be completed. The enlargement will require an additional 30 days, but most of this work would probably not commence before spring of 1965.

*Use during winter.*—Navigation uses harbor during winter particularly in connection with the expanding king crab fishing industry.

*Additional cost if enlargement is deferred*

Mobilization and demobilization (dredge and barges).....	\$100, 000
Additional dredging cost.....	2, 900
Additional rock cost.....	22, 000
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Total (including Government costs).....	124, 900
Contingency.....	12, 000
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Total.....	136, 900

## PROJECT: SEWARD HARBOR, ALASKA (EXPANSION)

*Summarized financial data*

Total estimated Federal cost.....	\$440, 000
Total appropriations to date.....	0
Balance to complete.....	440, 000

*Authorization.*—Alaska Omnibus Act, Public Law 88-451.

*Location and description.*—Seward is located on the Kenai Peninsula at the northern end of Resurrection Bay. The plan of improvement provides for the expansion of the small-boat basin, the restoration of which is now under construction. The enlargement consists of the dredging of a 12.45 acre anchorage basin to a depth of 15 feet below mean lower low water.

*Proposed operations.*—The amount of \$440,000 could be used to initiate and complete construction.

## JUSTIFICATION

Seward Harbor is strategically located in relation to fishing grounds and known and proven shrimp beds. The all-weather harbor conditions extant at Seward provide the needed combination of boat protection, year-around fish processing, and direct communication to interior Alaska. The fishing industry and recreational boating are becoming more important in the overall economy. The opening of new fishing grounds, exploitation of the new shrimp and crab industries, and increased capability of the Seward based processing canneries, places an additional demand for space in the small-boat harbor now being restored. The success of the fishing industry at Seward is entirely contingent on the expansion of the project facilities. The fishing and recreational fleet and the fish processing canneries, recently destroyed by the earthquake and seismic wave, will with most certainty be restored to prequake capability. Replacement with new boats and scientifically advanced processing machinery will increase production in the fisheries industry thereby placing an even greater demand for adequate small-harbor facilities. Commercial fishing boats and large commercial recreation craft will figure prominently in the future economy of Seward. This expansion in

the economy is dependent on providing the necessary protection and mooring facilities for these boats. The capacity of the small-boat harbor now being restored will be adequate for this purpose. The additional 12.45 acres of mooring area will provide suitable accommodations for the fishing and recreational craft and the realization of the commercial and recreational benefits. The benefit-cost ratio of the expansion is 2.1 to 1.

*NOTE.*—If the work of enlargement of the harbor is performed under the existing contract for the restoration work, the total estimated cost could be reduced to \$180,000. The savings will result from elimination of major costs in connection with mobilization and demobilization of a hydraulic dredge with attendant plant and lower unit costs because of greater dredging quantities.

#### CONTRACT DATA

*Navigation season.*—Throughout year.

*Construction season.*—Dredging 9 to 10 months, other work April through November.

<i>Restoration</i>	
Contract cost, breakwater.....	\$765, 050
Mobilization and demobilization.....	20, 000
Breakwater.....	714, 050
Ramp.....	31, 000
Dredging on rental basis as part of Seward complex 315,000 cubic yards at \$167,500 (includes proportionate share of mobilization costs).	

<i>Enlargement</i>	
Dredging only required 316,000 cubic yards.....	\$148, 000
Contingency.....	15, 000
Govt. Costs.....	18, 000
Total.....	181, 000

*Method of work.*—Dredging plant, rental basis, contract permits extension.

*Schedule.*—Complete restoration by July 1, 1965, but by November 15, 1964, south breakwater and dredging of part of basin would be completed. No additional time required for enlargement which is only dredging.

*Usage during winter.*—Used throughout winter period, particularly in connection with the expanding halibut, shrimp, and salmon fishing industry.

#### *Additional cost if enlargement deferred*

For mobilization and demobilization of dredge.....	\$150, 000
Additional dredging cost (small job).....	90, 000
Total.....	240, 000
Contingency.....	24, 000
Total.....	264, 000

#### PROJECT: VALDEZ HARBOR, ALASKA (EXPANSION)

##### *Summarized financial data*

Total estimated Federal cost.....	\$460, 000
Total appropriated to date.....	0
Balance to complete.....	460, 000

*Authorization.*—Alaska Omnibus Act, Public Law 88-451.

*Location and description.*—Valdez is located at the head of Valdez Arm, a narrow tidal inlet extending northeastward from Prince William Sound in the Gulf of Alaska. The plan of improvement provides for the expansion of the small-boat harbor, the restoration of which is now under construction. The proposed plan for expansion provides for dredging a 7-acre anchorage area to a depth of 12 feet mean lower low water. This will provide accommodations for 200 commercial fishing boats and 50 pleasure craft expected to use the basin.

*Proposed operation.*—The amount of \$460,000 could be used to initiate and complete expansion of the small-boat harbor.



## JUSTIFICATION

Before destruction by the earthquake the federally constructed small-boat harbor, comprising approximately 3 acres, had been inadequate in size to serve the needs of Valdez for the past several years. In an effort to meet that need, the State of Alaska had constructed an additional basin area of 1.7 acres in 1960. Even with this total harbor area of 4.7 acres, overcrowding was a frequent occurrence and local interests continued to seek means of further expanding the facility. State and Federal assistance being made available to restore, replace and expand the fishing fleet and to establish seafood processing plants is expected to result in a substantial increase in the number of boats seeking harbor facilities in the Valdez area. The proposed expansion, comprising a 7-acre protected anchorage area is required to provide for easier handling of large craft, flexibility of operation, and reasonable protection for frequent occurrences of high-volume, short-duration traffic. The benefit-cost ratio of the expansion is 2.0 to 1.

NOTE.—If the work of enlargement of the harbor is performed under the existing contract for the restoration work, the estimated cost could be reduced to \$370,000. The savings will result from elimination of major costs in connection with mobilization and demobilization of a dredge with attendant plant and lower unit costs because of greater dredging quantities.

## CONTRACT DATA

*Navigation season.*—Throughout year.

*Construction season.*—April through November.

*Restoration*

Contract cost.....	\$798, 455
Mobilization and demobilization.....	60, 000
Dredging, 515,000 cubic yards at \$0.70.....	360, 500
Armor, 20,500 tons at \$7.45.....	152, 725
Core, 44,600 tons at \$5.05.....	225, 230

*Enlargement, option, only dredging involved*

Mobilization and demobilization.....	0
Dredging, 410,000 cubic yards at \$0.70.....	287, 000
Boat ramp.....	15, 000
Subtotal.....	302, 000
Contingency.....	30, 000
Government costs.....	36, 000
Total.....	368, 000

*Limiting date option.*—September 30, 1964.

*Method of dredging.*—Hydraulic dredge.

*Schedule.*—Complete by June 8, 1965, but by November 15, 1964, west breakwater, one-half east breakwater, entrance channel, ferry slip, and part of basin will be completed. Enlargement dredging will extend completion date about month but work would probably not start before spring.

*Use during winter.*—Used throughout winter season particularly in connection with the expanding fishing industry.

*Additional cost if enlargement deferred*

Mobilization of dredge from Seattle.....	\$80, 000
Additional unit cost.....	9, 000
Total.....	89, 000

## PROJECT: CORDOVA HARBOR, ALASKA (EXPANSION)

*Summarized financial data*

Total estimated Federal cost.....	\$470, 000
Total appropriated to date.....	0
Balance to complete.....	470, 000

*Authorization.*—Alaska Omnibus Act (Public Law 88-451).

*Location and description.*—Cordova Harbor is on Orca Inlet, a strait near the eastern entrance to Prince William Sound. The plan of improvement provides for the expansion of the small-boat harbor, the restoration of which is now under construction. The proposed plan for expansion provides for dredging the harbor to increase the mooring area by about 10 acres with a capacity for an additional 190 boats of the class seeking harbor protection at present and estimated for the immediate future.

*Proposed operation.*—The amount of \$470,000 could be used to initiate and complete expansion of the small-boat harbor.

*Justification.*—While restoration of the original facility is vital to the continued economy of Cordova, expansion is also vital to keep pace with developments that have occurred over the past years. The expanding fishing industry requires adequate harbor facilities for the craft involved. The present harbor, having a designed float capacity of approximately 160 commercial fishing boats and 50 small craft, is entirely inadequate. An estimated 400 commercial fishing boats, representing an investment of between \$5 and \$6 million, look to Cordova Harbor for protection now and in the near future. These boats, on the average, will lose an estimated \$500 per year in damages that could be prevented by an adequate harbor facility. The benefit-cost ratio of the expansion is 2.5 to 1.

*NOTE.*—If the work of enlargement of the harbor is performed under the existing contract for the restoration work, the total estimated cost of the expansion could be reduced to \$360,000. The savings will result from elimination of major costs in connection with mobilization and demobilization of a hydraulic dredge with attendant plant.

#### CONTRACT DATA

*Navigation season.*—Throughout year.

*Construction season.*—Dredging could be accomplished all year.

<i>Restoration</i>	
Contract cost, dredging.....	\$235, 000
Bulkhead retaining dike.....	80, 000
Total.....	315, 000

Dredging is on plant rental basis; contract permits extension.

<i>Enlargement</i>	
Dredging only required, 350,000 cubic yards.....	\$300, 000
Contingency.....	30, 000
Government costs.....	36, 000
Total.....	366, 000

*Schedule.*—The restoration will be completed in December 1964. The expansion dredging could be continued and completed by the end of February 1965.

*Usage during winter.*—Used throughout winter period, particularly in connection with the expanding fishing industry.

#### *Additional cost if enlargement is deferred*

Mobilization and demobilization.....	\$100, 000
Contingency.....	10, 000
Total.....	110, 000

*Recapitulation for expansion*

Project	Estimated cost if performed in conjunction with restoration	Additional cost if deferred and performed separately	Total
Homer.....	\$590,000	\$140,000	\$730,000
Valdez.....	370,000	90,000	460,000
Seward.....	180,000	260,000	440,000
Total.....	1,140,000	490,000	1,630,000
Cordova.....	360,000	110,000	470,000

The supplemental request for \$1,500,000 for the Homer, Valdez, and Seward projects was based on the possibility that one or more of the existing options would expire prior to the appropriation of funds. If all the options were exercised by the Government, the total funds required for these three projects could be reduced to about \$1,140,000.

## BOAT BASIN AT CORDOVA, ALASKA

ANCHORAGE, ALASKA, *September 14, 1964.*

MR. KENNETH J. BOUSQUET,  
*Professional Staff, Committee on Appropriations,*  
*U.S. Senate, Washington, D.C.*

DEAR MR. BOUSQUET: I am writing you as city attorney for Cordova, Alaska, in reference to supplemental appropriations under the Alaska Omnibus Act. My particular reference is to an approximate amount of \$500,000 required for the expansion of the small-boat basin at Cordova to accommodate fishing vessels which previous to the Good Friday earthquake had the benefit of natural moorage sites now above mean low tide. It is my particular hope that sufficient funds may be included in the supplemental appropriation to allow the Corps of Engineers to exercise discretion granted it in section 55 of Public Law 88-451, to quote "make such modifications to previously authorized civil works projects in Alaska adversely affected by the 1964 earthquake and subsequent seismic waves as he finds necessary to meet changed conditions and to provide for current and reasonably perspective requirements of the communities they serve at an estimated cost of \$10,000,000."

The situation in Cordova as explained to you during our recent conversation is made especially troublesome by the fact that previous to the earthquake approximately 250 vessels were moored at natural moorage locations in protected waters in and around the Cordova waterfront. Following the rise of the Cordova land mass, these natural moorage sites were left high and dry. The result is, of course, a pressure on the previously existing basin which simply cannot be accommodated.

It is my understanding through informed sources that the expansion of the Cordova Basin, if undertaken while a dredge is operating to restore the former basin, will cost the Government considerably less than would be required were a dredge to be recalled into the area to accomplish enlargement of the harbor at a later date. The estimate which has reached me sets the amount which could be saved through integrating restoration with expansion on the order of \$150,000. I trust and assume that the Corps of Engineers has already provided documentation as to the difference on cost to the Government of accomplishing the complete Cordova project now as opposed to handling the operation in two separate stages.

Aside from the material saving to the Government which could be accomplished through immediate enlargement operations there exists the compelling requirement for moorage sites in Cordova if the fishing fleet is to remain intact and available for future operations. Our fleet is evaluated by the State of Alaska as representing a \$1 million investment. With moorage sites lacking for somewhere near one-half the entire fleet, there is very great doubt as to the future of the city of Cordova the economy of which is based almost entirely on the fishing effort. At present there is already doubt as to the intentions of canneries operating in the Prince William Sound area. If, added to economic problems already on the horizon, there appears to be an inadequate fleet to land the annual catch in future years, doubtless this will affect determinations as to expansion and improvement of existing processing facilities. The city of Cordova, twice stricken by disaster, once by fire which all but razed the downtown area of the city and then again by



the earthquake, stands on the brink of economic chaos. The city lost an estimated \$184,000 in revenues over the 18-month period immediately following the earthquake and including extraordinary expenses thereby occasioned. A city with a year-round population of 1,500 persons cannot be expected to survive such losses as these if it is to be deprived of its ability to make a living. Truly there is no way in which the city can make a living unless it maintains its singular asset: a large and locally owned fishing fleet.

While it is obvious that there will eventually be an expansion of Cordova Harbor, and this expansion, if not undertaken immediately, will likely be undertaken within the next year or so, future action cannot relieve the immediate pressing situation. For the owners and operators of fishing vessels in this area a harbor in 1965 will be of no benefit. These individuals cannot allow their vessels to remain in unsheltered waters at Cordova and will necessarily be required to move to other locations for moorage. Once gone these vessels will be removed from the Cordova economy and tax base and many, I am certain, will not return to the area. Those intimately connected with the industry involved can bear witness to the fact that only immediate action can preserve the fleet and the integrity of the annual fishing effort.

Additional to the matters already mentioned is the fact that the Corps of Engineers has already been able to undertake projects which are collateral to the expansion of the Cordova Harbor. A bulkhead has been constructed to hold material dredged out of the expanded harbor basin. According to the operator of the one cannery now in operation, this bulkhead unless completed and filled with spoilage material will result in the closing of the boat channel used by vessels approaching his cannery. This condition may result in the requirement of temporary dredging efforts throughout the winter. There is also the problem of navigation which will attend the construction of a ferry slip by the Corps of Engineers landward of the existing basin. The crowded condition of the existing basin with the burden of vessels far in excess of its planned capacity will allow only a very limited access path to the new ferry slip. This in turn will greatly diminish the value of the new ferry slip to be under construction very shortly by the Corps of Engineers.

Logic and reason dictate the completion of the harbor expansion program together with the restoration of the existing basin. While the city of Cordova through its common council is completely aware of the formidable problems which the Congress has met with vigor and success in restoring damaged facilities in Alaska, it is earnestly urged that the city of Cordova receive such consideration as may be required to include within the supplemental appropriation now under consideration an amount sufficient to complete its harbor program. Ours is a city capable of making a living for itself. The fishery supported by our fleet lands twice the amount of salmon landed in the entire State of Washington. It is only the existence of this fishery and a vigorous fleet capable of full utilization of the annual harvest that justifies the confidence with which residents of Cordova face the future despite the tragic events of the recent past. It lies with the power of Congress to now act in the best interests of this community at a time when a failure to act might all but destroy hopes for the future.

I and the residents of Cordova, its mayor and council, are confident that every possible consideration will be extended toward this goal. We stand ready to provide the committee with any additional and further documentation concerning the Cordova situation as may be required.

Sincerely yours,

KENNETH D. JENSEN,  
*Attorney at Law.*

## DEPARTMENT OF AGRICULTURE

## FARMERS HOME ADMINISTRATION

STATEMENTS OF HOWARD BERTSCH, ADMINISTRATOR, FARMERS HOME ADMINISTRATION; JULIAN BROWN, ASSISTANT ADMINISTRATOR, REAL ESTATE LOANS, FARMERS HOME ADMINISTRATION; LOUIS D. MALOTKY, DIRECTOR, RURAL HOUSING LOAN DIVISION, FARMERS HOME ADMINISTRATION; AND CHARLES L. GRANT, DIRECTOR OF FINANCE AND BUDGET OFFICER, DEPARTMENT OF AGRICULTURE

## HOUSING FOR DOMESTIC FARM LABOR

Senator PASTORE. The next item is for the Department of Agriculture. The committee will next consider supplemental budget request of the Farmers Home Administration.

This item proposes an appropriation of \$8 million to provide rural housing for domestic farm labor, pursuant to section 516 of the Housing Act of 1949, as amended by Public Law 88-560, approved September 2, 1964, together with request to provide \$400,000 for salaries and expenses to be derived from charges collected in connection with the insurance of loans authorized by law.

(Information follows:)

## FARMERS HOME ADMINISTRATION

(S. Doc. 98)

Latest estimate.....	0
Request (for 9 months from Oct. 1, 1964).....	\$8,000,000

## "RURAL HOUSING FOR DOMESTIC FARM LABOR

*"For financial assistance pursuant to section 516 of title V of the Housing Act of 1949, as amended by Public Law 88-560, approved September 2, 1964, \$8,000,000."*

## EXPLANATION OF LANGUAGE

The new language provides for the appropriation of \$8 million, authorized by section 513(c) of title V of the Housing Act of 1949, as amended, to be used for financial assistance to provide low-rent housing for domestic farm labor as authorized by section 516 of the act.

## PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

The funds are needed to initiate and carry out the new program to provide financial assistance to public or private nonprofit organizations for low-rent housing and related facilities for domestic farm labor as provided in the new section 516 of the act. Financial assistance not to exceed two-thirds of the total development cost will be provided for (1) new structures suitable for dwelling use by domestic farm labor, (2) rehabilitation, alteration, conversion, or improvement to existing structures which can be made suitable for dwelling use by domestic farm labor, (3) new structures or repairing and remodeling existing structures suitable for use as dining halls, community rooms or buildings, infirmaries, or other essential service facilities. We request that the \$8 million authorized by section 513(c) of the act be made available for this purpose.

There are about 400,000 migrant farmworkers in the United States. This group is the poorest housed of our rural population. The workers who follow the crops live under deplorable conditions. Many of them live in ramshackle houses without sanitary plumbing fixtures or adequate protection from the weather.

The labor housing loan program under title V of the Housing Act of 1949 as amended, has offered opportunities to farmers, nonprofit associations, States, and political subdivisions to finance better housing for domestic farm laborers. This program has had a modest but promising beginning. As of June 30, 1964, 18 loans totaling \$1,158,250, have been made. These loans provided housing for 254 families and an additional 758 individuals. On June 30, 15 additional applications were on hand from 8 States.

Providing housing for migrant farm laborers on an economically feasible basis has been a major problem. Under a new section 516 in title V of the Housing Act of 1949, as amended, the Secretary of Agriculture is authorized to provide financial assistance to States or political subdivisions thereof or any public or private nonprofit organization to help finance low-rent housing and related facilities for domestic farm laborers. Such financial assistance, which could not exceed two-thirds of the development cost of the housing and related facilities, would be made to supplement the resources of the applicant. These resources might include a loan the applicant obtains under section 514 of title V of the Housing Act of 1949 as amended, or loan funds from other sources.

The new legislation offers an excellent opportunity for local communities that use migrant farm labor to take positive action to eliminate the deplorable living conditions under which many of them now live. Much of the demand is anticipated from upgrading of existing housing, particularly the labor housing already owned by the local public housing authorities and other public bodies. Public bodies and private nonprofit organizations also are expected to participate in this new program.

The current assumption is that applicants will be able to furnish, on the average, about 50 percent of the development cost. This means that the \$8 million supplemental appropriation would provide about \$16 million worth of housing for domestic migrant farmworkers. This will provide housing for some 20,000 persons, including adult workers and children. The number will be dependent upon the building cost of the area in which the housing is located and the distribution between family-and dormitory-type units.

#### FARMERS HOME ADMINISTRATION

(S. Doc. 98)

#### *Salaries and expenses, Farmers Home Administration, 1965*

Available to date.....	\$41,794,000
Obligations to Aug. 31, 1964.....	\$7,129,000
Expenditures to Aug. 31, 1964.....	\$4,968,000
Request (for 9 months from Oct. 1, 1964).....	<sup>1</sup> \$400,000
Employment:	
Average number current appropriation for 1965.....	4,993
Average number involved in this estimate.....	42
Actual employment Aug. 31, 1964.....	11,440

<sup>1</sup> To be transferred from Agricultural Credit Insurance Fund.

#### PROPOSED LANGUAGE

*"For an additional amount for "Salaries and expenses", \$400,000, to be derived from the charges collected in connection with the insurance of loans as authorized by Section 309(e) of the Consolidated Farmers Home Administration Act of 1961, as amended, and Section 514(b)(3) of the Housing Act of 1949, as amended."*

#### EXPLANATION OF LANGUAGE

The language for salaries and expenses would provide an additional amount of \$400,000 to be added to the amount contained in the Department of Agriculture and Related Agencies Appropriation Act, 1965, for the Farmers Home Administration for the necessary expenses to provide financial assistance for a low-rent domestic farm labor housing program.

#### PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

It is expected to use \$400,000 to employ additional personnel and to meet costs in connection with the new housing authority providing financial assistance for low-rent domestic farm labor housing. This supplemental is needed for the remainder of the 1965 fiscal year.



## FARMERS HOME ADMINISTRATION

The \$400,000 supplemental estimate for salaries and expenses is required to carry out the authorities of the Housing Act of 1964. Public Law 88-560 amends title V of the Housing Act of 1949, as amended, by adding section 516 to authorize financial assistance to provide low-rent housing for domestic farm labor and related facilities. Section 513 of such act is amended by adding a new clause "not to exceed \$10 million for financial assistance pursuant to section 516 for the period ending September 30, 1965." A supplemental appropriation request of \$8 million financial assistance for the remainder of 1965 fiscal year is being processed. It is estimated that the \$8 million for financial assistance will create about \$16 million of farm labor housing and facilities. The remaining \$8 million will be primarily from insured farm labor housing loans not included in the 1965 budget estimate. In addition, the rural housing loan funds provided by section 511 are increased from \$700 million to \$850 million. The \$150 million increase in borrowing authority is being fully programed for regular rural housing building loans in fiscal year 1965. This compares with \$30 million approved in the latest apportionment.

The supplemental estimate is needed (1) to provide engineering and other technical assistance required to evaluate applications for financial assistance, to furnish technical assistance and supervision during construction and to process the additional insured farm labor housing loans; (2) to strengthen the county office staffs working directly with applicants for loans and financial assistance, and (3) to meet the other related administrative costs. Pyramiding workload increases each year have more than absorbed manpower and management savings and created tremendous workload burdens on all Farmers Home Administration personnel. The Farmers Home Administration is unable to absorb any added workload within the regular salaries and expense funds provided for fiscal year 1965. The Farmers Home Administration State officers now have only limited engineering services available for checking farm building plans for conformity to accepted building standards and to inspect construction. Funds are required to strengthen the appraisal and engineering requirements of the new and expanded rural housing loan programs and to assist the county office staffs working directly with applicants for loans and financial assistance under authorities provided by the Housing Act of 1964.

An additional 42 in average annual employment by the Farmers Home Administration is estimated.

## PREPARED STATEMENT

Senator PASTORE. Do you have a prepared statement on this, sir?

Mr. BERTSCH. On my left is Mr. Malotky, Director of Rural Housing Loan Division, and on my right Julian Brown, Assistant Administrator for Real Estate Loans.

I appreciate the opportunity of appearing before the Senate Subcommittee on Deficiencies and Supplementals to discuss the request for \$8 million to implement the farm labor housing program authorized by the recently enacted Housing Act of 1964.

## SUBCOMMITTEE ON MIGRATORY LABOR

The excellent work of the Subcommittee on Migratory Labor of the Senate Committee on Labor and Public Welfare has done much to focus attention on the housing needs of farm laborers. The deplorable living conditions that exist in many areas where farm laborers are used in large numbers to harvest the crops are now well documented.

Overcrowded shacks, inadequate cooking and sanitary facilities result in slum conditions in many rural areas that match anything that can be found in the most depressed areas in our cities.

## STATEMENT OF ADMINISTRATOR, REA

Senator PASTORE. Will it be necessary for you to read this, sir?

Mr. BERTSCH. No.

Senator PASTORE. Let us insert it in the record. You can give us the salient parts in the statement.

(The statement follows:)

## STATEMENT OF HOWARD BERTSCH, ADMINISTRATOR OF THE FARMERS HOME ADMINISTRATION, U.S. DEPARTMENT OF AGRICULTURE

I appreciate the opportunity of appearing before the Senate Subcommittee on Deficiencies and Supplementals to discuss the request for \$8 million to implement the farm labor housing program authorized by the recently enacted Housing Act of 1964.

The excellent work of the Subcommittee on Migratory Labor of the Senate Committee on Labor and Public Welfare has done much to focus attention on the housing needs of farm laborers. The deplorable living conditions that exist in many areas where farm laborers are used in large numbers to harvest the crops are now well documented. Overcrowded shacks, inadequate cooking and sanitary facilities result in slum conditions in many rural areas that match anything that can be found in the most depressed areas in our cities.

## ECONOMIC STATUS OF MIGRATORY LABORERS

In recent years, considerable headway has been made by farmers and some rural communities in providing more acceptable living quarters for farm laborers, but much more needs to be done before our migrant farm laborers have decent housing.

The economics of housing migratory labor must recognize the problems of less than full-time occupancy, with much of the housing being used seasonally for only several months during the year. Because of the limited period of occupancy too many applicants cannot afford to borrow the funds they need to finance adequate housing.

Because of limited income too many farm laborers cannot afford to pay the rentals that are required when the entire cost of housing is to be repaid from rental income.

Based on the 2 years' experience we have had with a program predicated exclusively on loans, we believe the provisions that have been added to title V of the Housing Act of 1949 will be effective in accelerating the rate at which better housing can be provided to migrant workers.

## AUTHORITY IN HOUSING ACT AMENDMENT

Under the new authority provided by the Housing Act of 1964, we could share up to two-thirds of the total development cost of any project. The balance of the construction cost could be financed by means of a private loan insured by the Farmers Home Administration. In order to assure that the amount of financial assistance extended under the new authority will be held to a minimum, the law requires that applicants will furnish as much of the construction cost as practicable from their own resources or borrowed funds.

An applicant would have to agree to charge rentals not exceeding the amounts approved by the Secretary of Agriculture, to maintain the housing at all times in a safe and sanitary condition, and to give priority as far as occupancy is concerned to domestic farm laborers.

In principle this program is similar to the program that has provided low-cost housing in urban areas for many years. There is one important difference, however. The financial assistance for domestic farm labor housing would be in the form of a single initial contribution, sharing the cost of construction; whereas, subsidies under the public housing program are designed to meet annual recurring operating deficits.

## PURPOSE AND USE OF FUNDS REQUESTED

To implement this new authority, we are requesting \$8 million. Our assumption is that applicants probably will be able to furnish an average of about 50 percent of the development cost. This means that the proposed \$8 million when added to other funds furnished by the applicants would provide about \$16 million

worth of housing for domestic migrant laborers. This would provide housing for some 20,000 persons. The exact number would be dependent upon the building costs in the area in which the housing is to be located and the distribution between family and dormitory-type units.

Eight million dollars would make only a small beginning on the tremendous job that needs to be done to improve the housing of domestic migrant workers. Nationally, there are about 400,000 workers who follow the crops. In 1963, more than 10,000 domestic migrant laborers were employed during the peak season in 13 States. In California and Michigan more than 40,000 were employed. Other States with more than 10,000 were Texas, New York, Oregon, Washington, Florida, Kansas, North Carolina, New Jersey, Ohio, Wisconsin, and Virginia.

In order to administer this program, an additional \$400,000 will be needed to employ additional personnel. Our staff is currently carrying an extremely heavy workload. In our overall program activities, we have stepped up the volume of service to two and a half times the 1960 level with essentially the same staff. If we are to administer this program effectively, we must strengthen our staff, particularly the county office staff that works directly with applicants, and the engineering and technical personnel needed to evaluate applications and provide essential technical assistance.

This new legislation offers an excellent opportunity for local communities that use migrant farm laborers to take positive action to eliminate the deplorable living conditions under which many of them now live.

#### AMENDMENTS TO HOUSING ACT OF 1964

Mr. BERTSCH. Mr. Chairman, the Housing Act of 1964 introduced a new dimension in housing for migratory farm laborers. The economic problem with which grower associations and other employers of migratory farm labor are faced are best demonstrated by the fact that occupancy of housing is generally for a relatively short period throughout the year, frequently only 4 or 5 months of occupancy.

This makes the economics of housing very difficult for the employers of farm labor. Particularly if housing is to be constructed which meets reasonable standards of sanitation and health.

In response to this condition Congress, in the Housing Act of 1964, enacted a provision, section 516, which would permit sharing the cost of migratory farm labor housing construction, up to a maximum of two-thirds of the cost.

Heretofore, the Farmers Home Administration has had the authority to insure loans through nonprofit associations for the construction of migratory farm labor. We have had that authority since 1962.

In our lending program we have come face to face with this problem of economics; namely the inability of grower associations to finance the full cost of housing when housing was occupied for a relatively limited period of time. Hence, this amendment in the act of 1964.

There are about 400,000 domestic migratory farm laborers working in the crops of this country. There are 13 States that use in excess of 10,000 such migratory laborers and it is in these 13 States that the situation is particularly critical.

#### MATCHING FUNDS UNDER PROGRAM

We contemplate in the operation of this program that the \$8 million of funds requested here for cost sharing contributions will be matched in actual operation by an additional \$8 million which will be repayable so that \$16 million of housing will be accomplished by this activity.

We all know the migratory farm labor is the lowest paid of all our citizens. The incomes of farmworkers averaged about \$1,054 annually in 1961.



Senator SALTONSTALL. Will the Senator permit a question?

Senator PASTORE. Go ahead.

SOURCE OF ADMINISTRATIVE FUNDS

Senator SALTONSTALL. Mr. Bertsch, I see you are going to administer this by transfer of funds of \$400,000. In the next to the last paragraph of your statement you say an additional \$400,000 will be needed to employ additional personnel.

Does that mean that you are asking us for additional appropriations or are you going to get that money by transfer?

Mr. BERTSCH. Senator Saltonstall, we are asking for the authority to transfer the \$400,000.

Senator SALTONSTALL. Where are you going to transfer from?

Mr. BERTSCH. We have in our insured loan program a fund derived from a portion of the loan insurance charges collected; namely, one-half of 1 percent which is available for administration subject to congressional approval of usage and it is from that resource that this \$400,000 would come. It is not an appropriation, it is not a new obligational authority.

Senator SALTONSTALL. Could you repeat where that money is coming from? From 1½ percent of what?

Mr. BERTSCH. On the loans that we insure, we collect a 1 percent insurance premium. One-half of that 1 percent goes for insurance, the other one-half percent may be used for administrative purposes with congressional consent. We are asking for the congressional consent to use \$400,000 out of the fund that we have collected.

Senator SALTONSTALL. Is that fund now actuarially sound?

Mr. BERTSCH. Yes, sir.

Senator SALTONSTALL. Thank you, Mr. Chairman.

Senator PASTORE. Senator Allott.

INCREASE IN STAFF TO HANDLE PROGRAM

Senator ALLOTT. How many employees do you have now in this field?

Mr. BERTSCH. In the field of labor housing?

Senator ALLOTT. Yes.

Mr. BERTSCH. Our labor housing program is administered by our regular staff. We do not have a specialized staff that we can identify in this particular field. I would estimate that we have perhaps a dozen around the United States, I mean equivalent of a dozen man-years of labor being used in this program.

Senator ALLOTT. How many would you add with this \$400,000?

Mr. BERTSCH. We would add from 40 to 50.

Senator ALLOTT. Now, do you intend to handle this through your regular FHA committees?

Mr. BERTSCH. These things will be handled through our regular FHA committees.

Senator ALLOTT. State and county?

Mr. BERTSCH. County committees. Our State committees are purely advisory.

Senator ALLOTT. Yes, but it will flow through the State committee to the counties and be handled at the local level by the FHA county office?

Mr. BERTSCH. Yes.

TYPE OF HOUSING

Senator ALLOTT. What type of housing do you have in mind and would you be constructing?

Mr. BERTSCH. Technically, we would not be constructing housing. We would be advancing money to help finance housing.

Senator ALLOTT. Let us not quibble with words. What kind of housing do you have in mind?

Mr. BERTSCH. Both dormitory and family housing.

Senator ALLOTT. What type of construction?

Mr. BERTSCH. The type of construction that is approved for building according to State and local codes.

Senator ALLOTT. Do you have any preliminary estimates on the cost per unit of migrant family?

COST PER UNIT

Mr. BERTSCH. We have, of course, something over a year's experience. We have proposed loans to 18 borrowing associations. These have resulted in construction costs of about \$700 per occupant.

Senator ALLOTT. What sort of rental do you figure an occupant will pay?

Mr. BERTSCH. This will vary somewhat, of course, according to the variations in income but if I may generalize I would suggest \$40 to \$50 a month.

Senator ALLOTT. If you can get \$40 to \$50 a month per occupant for this, then what need is there for a subsidy? You only need for logical amortization of the debt, 1-percent per month on the amount invested as a rough rule of thumb.

Mr. BERTSCH. We need to recognize that much of this housing will be occupied only 4 or 5 months out of the year.

Senator ALLOTT. All right. So we take one-third of that and we raise it to 3 percent a month.

Now, do you really need as much matching if you can get 3 percent per month or more?

Mr. BERTSCH. On the basis of the applications we have received I would suggest that, in some instances up to two-thirds of the construction cost might be needed to make the housing economically sound. This is a one-shot construction contribution as contrasted with the annual subsidy of rental incomes such as is characteristic of the public housing administration.

Senator ALLOTT. What would prevent a man from building units under this which would later be converted to private housing for his own family or otherwise?

Mr. BERTSCH. The legislation instructs the Secretary to negotiate agreements with the borrower or with the recipient of the contribution. We would have an agreement or cost-sharing agreement to establish the terms and conditions under which the housing would be utilized.

Were that agreement violated then the contribution would be recoverable by the Government.

## AUTHORITY IN ECONOMIC OPPORTUNITY ACT

Senator ALLOTT. I do not see how you are going to do that from a pack standpoint: What differences are there in this program compared with the one you have been operating under the economic opportunity act?

Mr. BERTSCH. Actually we are operating no labor housing program under the Economic Opportunity Act, Senator Allott.

Senator ALLOTT. None at all?

Mr. BERTSCH. No; there is section (B) of title 3 of the Economic Opportunity Act which does provide certain benefits to migratory laborers. These are in health, sanitation, housing benefits. They would be administered we presume by either the Office of Economic Opportunity directly or through a delegation of Health, Education, and Welfare. We are not operating it.

Senator ALLOTT. You do not set up any standards of construction at all in this field?

Mr. BERTSCH. Yes; we have set up standards of construction. We have a construction guide which specifies construction standards but in addition we emphasize that all construction must comply with State and local building codes which we believe are adequate.

Senator ALLOTT. In looking at the justification of estimates for the year 1965, Executive Office of the President, Office of Economic Opportunity, on page 31, there they have asked for migrant agricultural employees, \$15. This is Office of Economic Opportunity. In line 6 it reads as follows, reading the whole thing, "Loan guarantees and grants to assist State and local jurisdictions, other public agencies, private and nonprofit institutions in establishing operating programs to meet the specification needs of migratory agricultural workers and their families in the field of housing, sanitation, education, and day care of children."

You say then that nothing has been done yet under that program in the field of housing?

Mr. BERTSCH. To my knowledge nothing has been done yet under the program in the field of housing; that is true.

Senator ALLOTT. That is all I have, Mr. Chairman.

## BENEFITS FROM PROGRAM

Senator PASTORE. Is this housing for benefit of the workers or for the benefit of the growers?

Mr. BERTSCH. It is difficult to divorce the beneficiaries, Mr. Chairman. It is aimed to benefit the workers. Workers cannot be benefited, of course, if the growers cannot economically provide housing. The obligation will be assumed by the grower but in order to build rental housing that these very low-paid workers to afford we must approach it through growers.

Senator PASTORE. Can the grants be up to two-thirds of the cost?

Mr. BERTSCH. That is correct.

Senator PASTORE. Then who maintains it?

Mr. BERTSCH. The borrower or the recipient.



## CONTROL OVER LOAN-ENCUMBERED PROPERTY

Senator PASTORE. Do you have any supervision over it once is it built?

Mr. BERTSCH. Yes, sir.

Senator PASTORE. To what extent?

Mr. BERTSCH. To the extent of controlling the rentals charged, controlling the maintenance performed, and controlling the occupancy limitations requirement.

Senator PASTORE. In the event the grower becomes negligent and allows these properties to deteriorate, what recourse do you have? He has only put up one-third of the money. You have put up two-thirds.

Mr. BERTSCH. We assumed that in most cases we would be the creditor for the contribution that the grower and association has made. We would have recourse under our mortgage instruments for that portion of the construction cost.

Senator PASTORE. What if the grower does not pay and you take it over, what are you going to do with it?

Mr. BERTSCH. If we were faced with that problem, we would obviously have to find some other grower association which also has a labor problem confronting them and which could utilize the housing.

Senator PASTORE. Yes; but the house would be all set where it is located.

Mr. BERTSCH. Ordinarily this housing is available to a general community. It is not housing for an individual grower, rather an association of growers.

Senator SALTONSTALL. Yet it is built on the property of the grower; is it not?

Mr. BERTSCH. It is built on the property of the applicant which is an association; namely a group of growers banded together. The organization acquires the building site and as an association owns the housing.

Senator PASTORE. In other words, this is in a contract with the community rather than a contact with an individual?

Mr. BERTSCH. That is correct, Mr. Chairman.

## ELIGIBILITY OF APPLICANT

Senator KUCHEL. The applicant, as you say in one of these sheets I have here, must be a nonprofit organization, public or private. I think it is unrealistic to think that farmers in the area such as that where I come from, where 40,000 domestic migratory farmworkers, according to these tables, come each year to help, I think it is unrealistic to feel that the farmers are going to try to chisel. Maybe some do.

We have the same problem in our bracero problem where the Government of Mexico laid down certain requirements, certain minimums in which the Department of Agriculture participated and those generally worked out pretty well. I support this program.

Let me ask you this: Suppose you do have a State like my own where 40,000 domestic migratory framworkers are insufficient to do the job required by the Agricultural production in the State so that the farmers now denied any braceros opportunities for assistance

resort to singly obtaining temporary employees from outside the country and let us assume they bring in citizens of Mexico, they would be denied any opportunity to live in the housing contemplated by the statute and which you made this request, would they not?

Mr. BERTSCH. That is correct, Senator. The statute provides that occupancy may be either by citizens of the United States or those being legally admitted for permanent residence. These are what they frequently call green-card holders.

Senator KUCHEL. So that to that extent then a citizen of Mexico who was guaranteed permanent employment by "X" in any State of the Union would under those circumstances would have an opportunity to use them?

Mr. BERTSCH. If he has been legally admitted for permanent residence.

Senator KUCHEL. That is interesting. That was part of the statute which we passed?

Chairman HAYDEN. As I understand, if Jamaicans are legally admitted in the United States, would housing be provided for them?

Mr. BERTSCH. Those Jamaicans who were legally admitted for permanent residence would be qualified to occupy this housing.

Chairman HAYDEN. They could not go back to Jamaica in any one year?

Mr. BERTSCH. They would have to be admitted on the basis of applying for permanent residence before they could qualify for occupancy in this housing under this statute.

Senator PASTORE. I think you said that with the \$8 million made available here plus the matching, you would get about \$16 million worth of housing which would accommodate, as I understand your testimony, about 20,000?

Mr. BERTSCH. About 20,000 occupants.

Senator PASTORE. That is only scratching the surface.

Mr. BERTSCH. It is a very modest beginning, Mr. Chairman. As I pointed out, without this contribution authority we have been able to insure loans totaling about \$1,150,000 in the last year.

Senator PASTORE. Are there any further questions on this subject?

#### TYPE OF HOUSING CONTEMPLATED

Senator ALLOTT. I would like to straighten up one thing, Mr. Chairman, if I could. I cannot quite get this clear. I would like to get some idea of what kind of housing you are thinking of constructing on a one-third year basis for these people. Are you talking in terms of housing construction of \$16 a square foot?

Mr. BERTSCH. Oh, no.

Senator ALLOTT. What are you talking about?

Mr. BERTSCH. The housing which has been constructed cost about \$4 a square foot. It has varied from somewhat less than that to let us say from \$3.50 to \$6.50 a square foot.

Senator ALLOTT. So you are not talking about standard construction or anything near what would be put into an average home?

Mr. BERTSCH. Ordinarily these labor housing developments have simple laundry and toilet facilities. They may have individual apartments with two or three rooms, to accommodate a family.

The problem Senator Kuchel pointed out, the disappearance of the bracero in the Southwest, means that we are substituting family labor for individual labor and that the housing built for single men no longer suits the kind of labor that is now available. We have under this program financed the construction of some barracks-type housing where they are using single workers.

Senator ALLOTT. You used \$1,050 as average for the year. I want to tell you that the braceros that came into this country earned more than \$1,050 a year.

Mr. BERTSCH. This figure I used comes from a publication of the Department of Agriculture.

Senator ALLOTT. I don't quarrel with your figure. In view of the quarrel that we have had about the braceros, I would like to point that out for the record.

Senator PASTORE. Are there any further questions?

Thank you, gentlemen. We are going to take one item out of order to accommodate the distinguished Senator from Massachusetts. The Department of Defense authority to transfer funds from the Coast and Geodetic Survey and Weather Bureau.



## DEPARTMENT OF LABOR

## STATEMENT OF V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY OF LABOR

## ESTABLISHMENT OF EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

Senator ROBERTSON. Before we take up this new item, I regret I have another appointment, and I have to leave. I want to raise an issue before our Department of Labor testifies, and ask them to give some consideration to the point I wish to make.

The bill that we have, on page 13, line 16, provides \$2.5 million for an Equal Employment Opportunity Commission. That is under title VII of the civil rights bill which does not become effective until 1 year after it is passed. That means July 2 of next year. We already have a Commission to do that work. We have had it since March 1961 by Presidential order. They have had 4 years to study and their principal activity has been in the Defense Department. There was no authority for the Executive order and no authorization, but earmarked in Defense and numerous other bills were little funds here, there, and elsewhere to pay this Commission. Now we want to set up a new Commission.

The top man gets a salary more than the members of the Cabinet used to get. He has no authority now to operate. There is nothing he can legally do until July 2 of next year. I just want to know why it is if we have so much money and we have to borrow that we will have to have two Commissions all studying the same thing, and one of them getting \$27,500 and add this much to the taxpayers budget. I want the hearings to show why we are doing that.

Senator PASTORE. Is that all? Is the question directed to anyone here, Mr. Robertson?

Senator ROBERTSON. I understand that the Department of Labor maybe has some explanation of this.

Senator PASTORE. Is there anyone here from the Department of Labor?

Mr. HUDSON. We are not up here to testify on this item.

Senator PASTORE. Can you make answer to this?

## DISCUSSION OF ACT

Mr. HUDSON. In terms of the effective date of the act, Section 716(a) of the act does say that this title shall become effective 1 year after the date of the enactment. Section 716(b) says "notwithstanding subsection (a), sections to this Title other than sections 703, 704, 706, and 707 shall become effective immediately." The Equal Employment Opportunity Commission is set up under section 705. So far as the Commission is concerned, it is effective immediately. Its enforcement authority, its investigative authority is 1 year after enactment.

Senator PASTORE. In other words, they can't take action against anyone until a year after enactment?

Mr. HUDSON. No, sir. The purpose of this, as I understand, Mr. Chairman, was to provide some time for the Commission to bring about as much voluntary compliance as possible before the enforcement provisions became effective.

Senator ROBERTSON. May I ask a question?

Senator PASTORE. You may.

PRESIDENTIAL ORDER

Senator ROBERTSON. Was a Commission of this type set up by Presidential order on March 6, 1961?

Mr. HUDSON. Yes, sir, as I understand it.

Senator ROBERTSON. Is that still functioning?

Mr. HUDSON. Yes, sir.

Senator ROBERTSON. Will that continue to function?

Mr. HUDSON. That is my understanding, sir.

Senator ROBERTSON. Then this other Commission will function alongside one which has been functioning doing the same thing for 4 years; is that correct?

Mr. HUDSON. The Presidential Commission established several years ago, sir, as I understand it, is only concerned with Federal employment and private employment financed by the Federal Government through contracts to contractors. This Commission covers much broader territory in scope.

Senator ROBERTSON. I see. Well, the Federal Government is only spending \$100 billion a year. My point is, Mr. Chairman, that we don't have that kind of money to waste.

## DEPARTMENT OF DEFENSE

STATEMENT OF CAPT. R. A. CHANDLER, U.S. NAVY, DIRECTOR,  
NAVAL WEATHER SERVICE, ACCOMPANIED BY R. L. SPROULE,  
DIRECTOR, ADVANCED RESEARCH PROJECTS AGENCY

## REPROGRAMING FUNDS FOR WEATHER SERVICES

Senator PASTORE. The next item for consideration involves two requests from the Department of Defense to reprogram funds to reimburse the Weather Bureau and the Coast and Geodetic Survey for the operation of certain programs. The letters of transmittal and the formal reprogramming requests will be included in the record.

(The letters and requests referred to follow.)

THE SECRETARY OF DEFENSE,  
*Washington, September 14, 1964.*

HON. RICHARD B. RUSSELL,  
*Chairman, Department of Defense Subcommittee, Committee on Appropriations,  
U.S. Senate.*

DEAR MR. CHAIRMAN: The attached reprogramming actions are forwarded for approval to authorize the Department of Defense to order weather services from the Weather Bureau. These services are essential to defense operations and are to be provided by the operation of ocean weather stations and the Marcus Island Weather Station.

In accordance with decisions made during the development of the fiscal year 1965 budget estimates for the Department of Commerce and Department of Defense, budget and funding responsibility for these stations was assigned to the Weather Bureau on the basis that the operation of such activities was a basic Weather Bureau responsibility. In its action on appropriations for the Departments of State, Justice, and Commerce, the Congress approved the House and Senate conferees recommendation that funding for these programs be deleted from the Weather Bureau's appropriation and that the programs be funded by the Department of Defense.

The essentiality of these services to the Department of Defense has previously been stated during the review of these programs before congressional Appropriations Committees. The essential nature of the services has recently been restated by the Department of the Navy, the Department of the Air Force, and the Joint Chiefs of Staff. In addition, the Department of State has indicated that the continuation of the ocean weather station program is necessary in order for the U.S. Government to carry out its obligations under the North Atlantic Ocean Stations Agreement, and has stated that cessation of the program would have an immediate adverse affect on the international relations of the United States.

It has been determined that under the authority of section 601 of the Economy Act (31 U.S.C. 686) the Department of Defense can order required weather services from the Weather Bureau to be performed on a reimbursable basis. In view of the essential nature of these services to defense operations your early approval to order and finance such services with funds available under the appropriations "Operation and maintenance, Navy" and "Operation and maintenance, Air Force" is requested.

Sincerely,

CYRUS R. VANCE,  
*Deputy Secretary of Defense.*



## REPROGRAMING ACTION

*Operation and maintenance, Air Force*

[Amounts in thousands of dollars]

Line item  (a)	Program base reflecting congressional action		Program previously approved by Secretary of Defense		Reprogramming action		Revised program	
	Quantity (b)	Amount (c)	Quantity (d)	Amount (e)	Quantity (f)	Amount (g)	Quantity (h)	Amount (i)
REPROGRAMING INCREASES								
Fiscal year 1965 program: 1. Operational support, 450.....		1, 598, 443		1, 598, 443				1, 598, 443

## EXPLANATION

Funds in the amount of \$200,000 are required for vital weather service essential to defense operations in the Pacific. This money is being made available through reprogramming within budget program 450 resources. The funds will be utilized to reimburse the Weather Bureau, U.S. Department of Commerce, for weather programs at Marcus Island. Historically the Department of Defense budgeted for weather reporting at Marcus Island, however, the Department of Commerce agreed to assume this weather reporting responsibility on July 1, 1963. The Air Force reimbursed the Weather Bureau for this service in fiscal year 1964 but made no provision for this function in the "Operation and maintenance, Air Force," appropriation, fiscal year 1965 budget since it was assumed the Department of Commerce would finance the requirement. Funds were not appropriated by the Congress to the Department of Commerce for this weather reporting operation, therefore, the Air Force must reimburse that agency for meteorological service in fiscal year 1965.

## REPROGRAMING ACTION

*Operation and maintenance, Navy*

[Amounts in thousands of dollars]

Line item  (a)	Program base reflecting congressional action		Program previously approved by Secretary of Defense		Reprogramming action		Revised program	
	Quantity (b)	Amount (c)	Quantity (d)	Amount (e)	Quantity (f)	Amount (g)	Quantity (h)	Amount (i)
Fiscal year 1965 program: Major activity 2: Weap- ons and facilities.....		941, 604		941, 604		0		941, 604

## EXPLANATION

The fiscal year 1965 Appropriation Act for the Department of State, Justice, and Commerce, the Judiciary, and Related Agencies removed from the Weather Bureau estimate, \$1,144,700 for meteorological programs aboard fixed ocean vessels. This program provides essential weather data for international air traffic and air-sea rescue operations required by the Department of Defense. Therefore, reprogramming of funds in fiscal year 1965 is necessary to reimburse the Weather Bureau, Department of Commerce for this service. Reduced funding requirements resulting from rescheduling of aircraft reworks will permit

financing of this requirement within the funds programed for weapons and facilities.

THE SECRETARY OF DEFENSE,  
Washington, September 17, 1964.

HON. RICHARD B. RUSSELL,  
Chairman, Department of Defense Subcommittee, Committee on Appropriations,  
U.S. Senate.

DEAR MR. CHAIRMAN: The enclosed reprogramming action is forwarded for approval to allow the Department of Defense to continue the worldwide seismological network program. This network is essential to the continuing research program for nuclear test detection. Through this network research data can be compiled, studied, and compared in order to observe and relate the seismological effects of various underground disturbances throughout the world.

In accordance with decisions made during the development of the fiscal year 1965 budget estimates for the Department of Commerce and Department of Defense, budget and funding responsibility for this network was assumed by the Coast and Geodetic Survey, on the basis that the operation of such a system was a responsibility of that agency. Subsequently, in its action on appropriations for the Departments of State, Justice, and Commerce, the Congress approved the House and Senate conferees' recommendation that funding for this network should be undertaken by the Department of Defense within the scope of the Advanced Research Projects Agency (ARPA) program. In view of the essential nature of the network to nuclear detection operations, your approval to finance such services with funds available under the appropriation "Research, development, test, and evaluation, Defense agencies" is requested.

Sincerely,

CYRUS VANCE,  
Deputy Secretary of Defense.

#### REPROGRAMING ACTION

*Research, development, test, and evaluation, Defense agencies*

[Amounts in thousands of dollars]

Line item	Program base reflecting congressional action		Program previously approved by Secretary of Defense		Reprogramming action		Revised program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Fiscal year 1965 program:								
1. Vela.....		\$60,900		\$60,900				\$60,900

#### EXPLANATION

The Vela worldwide seismological network program (125 stations) was initiated by ARPA through the U.S. Coast and Geodetic Survey in 1962 with the twofold purpose of providing the facilities to yield high-grade seismic data from around the world for use in ARPA's program of research on nuclear test detection. Secondly, the program was an attempt to upgrade the capability and competence of seismologists in selected areas by providing modern equipment and by making them contributors to this worldwide net.

Generally speaking, this program has provided high-grade seismographs and ancillary equipment and the recipients have provided the required land, vaults, and technicians. Instruments are maintained and calibrated at regular intervals. In return for this equipment, the recipients agree to provide one copy of the trace of all operations of the seismograph to the U.S. Coast and Geodetic Survey.

The above effort was not provided for in fiscal year 1965 appropriations. In order to continue this high priority effort, this action would reprogram funds in the amount of \$1.1 million within the fiscal year 1965 Vela program.

The funds will be made available by making a number of small reductions in research efforts related to underground nuclear test detection.

## FUNDS INCLUDED IN BUDGET ESTIMATE

Senator PASTORE. It was the view of Senator Russell, chairman of the Department of Defense Subcommittee that these requests should be brought to the attention of the full committee inasmuch as funds for these programs were included in the budget estimates of the Department of Commerce. These requests were disallowed by House, allowed by the Senate, and disallowed by the committee of conference.

Capt. R. A. Chandler, Director of the Naval Weather Service, will present a short statement on this matter and either he or Dr. R. L. Sproule, Director of the Advanced Research Projects Agency, will respond to any questions from members of the committee. You may proceed, Captain.

## WEATHER AND SEISMOGRAPH PROGRAMS

Captain CHANDLER. Mr. Chairman, members of the committee, in acting on the Department of Commerce appropriations for fiscal year 1965 the Congress approved the House and Senate conferees' recommendation that funding for the operation of ocean weather stations, the Marcus Island Weather Station, and the worldwide seismological network be deleted from the Department of Commerce appropriations and that such programs be funded by the Department of Defense.

While, except for the ocean weather stations in fiscal year 1964, these programs had been supported by the Department of Defense, budget responsibility was assumed by the Weather Bureau and Coast and Geodetic Survey for fiscal year 1965 on the basis that they were a part of the basic responsibilities of these agencies. Accordingly, no funds for these purposes were provided in the Defense Department's appropriations for fiscal year 1965. Thus, with the congressional deletion from the Commerce Department budget request for fiscal 1965, no funds for these purposes have been appropriated by the Congress.

The Department of Defense has previously testified as to the essential nature of the data provided by these programs to Defense activities. The importance of the programs has recently been reaffirmed by the Department of the Navy, the Department of the Air Force, the Joint Chiefs of Staff, and the Director of the Advance Research Project Agency. As a consequence, the Department of Defense has requested the approval of the House and Senate Defense Appropriations Subcommittees to finance these programs in fiscal year 1965 by reprogramming funds available under the appropriations "Operation and maintenance, Navy," "Operation and maintenance, Air Force," and "Research, development, test, and evaluation, Defense agencies."

In order to more clearly establish Department of Defense needs for data developed by the weather and seismograph programs, I would like to discuss each of these programs separately.

## A. OCEAN WEATHER STATIONS AND MARCUS ISLAND WEATHER STATION

Meteorological data received from ocean station vessels and from Marcus Island, although properly an integral part of the basic meteorological observation network used by all weather services, are vital to the successful accomplishment of accurate hemispheric weather



analyses upon which operational forecasts for the Department of Defense are based. The upper air reports from the strategically located ocean station vessels and from the weather station at Marcus Island are the sole sources of open sea area continuous data in the vertical from the surface to about 100,000 feet. Although other upper air data are sometimes obtained from transitory ships and aircraft, these data are not scheduled, are generally restricted to one or two levels, and do not compare in quality with ocean vessel and Marcus Island data. The upper air observations from these stations are available on a scheduled basis and are consistently accurate. For this reason, these observations represent the anchor points for analyses over large ocean areas, and aid materially in maintaining the high quality of the numerically prepared meteorological products essential to Defense Department operations.

Loss of upper air observations from these stations would not only have a serious adverse effect on meteorological support to naval and air operations, but in addition would greatly hamper research and development efforts in the field of numerical weather prediction. Further, in addition to the impact of termination of Defense Department activities, the Weather Bureau's basic meteorological network would be seriously affected; and since the ocean station vessels are part of an international network agreed upon by the International Civil Aviation Organization, national commitments made through the Department of State are involved. These international commitments require the 1 year's advance notice be given of a government's intention to terminate its participation in the program. Consequently, the United States has a responsibility to maintain the ocean station weather program at least through fiscal year 1965. A cessation of the program would have an immediate adverse affect on the international relations of the United States.

#### B. WORLDWIDE SEISMOLOGICAL NETWORK

The worldwide seismological network is comprised of more than 100 stations in some 50 countries throughout the world. It was begun in 1962 as the result of a recommendation by the President's Scientific Advisory Committee which was, in turn, based upon the findings of the Geneva Conference in 1958. This conference pointed out the need for major improvements in the science of seismology.

Since the Advanced Research Projects Agency of the Department of Defense had in being a program to develop techniques and devices for detecting underground nuclear explosions, and because the improvement of worldwide seismic equipment and data was an urgent requirement of this program, responsibility for initiation was given to the Department of Defense.

It was recognized, however, that because of its competence and historical association with the science of seismology the U.S. Coast and Geodetic Survey of the Department of Commerce was best qualified to implement the worldwide network. Accordingly, the U.S. Coast and Geodetic Survey has acted as the ARPA agent for this work from inception of installation.

The continuation of the worldwide seismological network at the level proposed in the Department of Defense reprogramming request is

essential to the Defense research program for detection of underground nuclear explosions, as well as for the support of the overall U.S. program to promote improvements in the science of seismology consistent with the President's Scientific Advisory Committee findings.

In summary, Department of Defense feels that the data developed by the weather and seismology programs are essential to Defense operations. The Department is prepared to support these programs during fiscal year 1965 utilizing funds to be made available by reprogramming within Defense appropriations. Your approval of this support is urgently recommended.

## PAYMENT FOR PROGRAMS

Senator SALTONSTALL. Would the chairman yield for an observation?

Senator PASTORE. Yes.

Senator SALTONSTALL. This matter as I understand it has been brought before the full committee at the request of Senator Russell, because it involves the use of funds appropriated to the Department of Defense to fund operations of agencies of the Department of Commerce.

There is no question on the value of both these programs. The only question is whether the Commerce Department or the Defense Department should pay for them. The Defense Department had no funds appropriated for this purpose and this is to permit reprogramming from other funds for the purpose of carrying on this work?

Captain CHANDLER. Yes, sir.

Senator SALTONSTALL. That is correct?

Captain CHANDLER. That is correct.

Senator SALTONSTALL. That is why you are here?

Captain CHANDLER. Yes, sir.

## SECRETARY McNAMARA'S LETTER TO SECRETARY HODGES

Senator PASTORE. On May 23, 1964, the Secretary of Defense in a letter to the Secretary of Commerce stressed the importance of these Weather Bureau programs to the Department of Defense. I will include a copy of this letter in the record.

(The letter referred to follows:)

THE SECRETARY OF DEFENSE,  
*Washington, May 23, 1964.*

Hon. LUTHER H. HODGES,  
*Secretary of Commerce.*

DEAR LUTHER: The House Appropriations Committee action in disallowing funds for Weather Bureau operation of the weather programs aboard the ocean station vessels and at Marcus Island in the Pacific is a matter of great concern to the Department of Defense and we fully support your proposed appeal to the Senate for restoration. As you know, both the ocean weather stations and the Marcus Island station provide weather data useful to both military and commercial aircraft and shipping. These stations also form an integral part of various weather warning networks fulfilling both Government and private needs. The overall program carried out by the stations is a part of the statutory weather reporting responsibilities of the Weather Bureau.

We strongly support the premise that it is not appropriate or desirable for the Department of Defense to budget and fund for any weather reporting functions that provide basic weather information that is not exclusively for military use.

Consistent with our arrangements for financing the ocean and Marcus Island stations, no funds were included in the fiscal year 1965 Department of Defense estimates for support of these activities. Also, no legal authority is included in the Department of Defense Appropriation Act (H.R. 10939) authorizing the transfer of funds to the Weather Bureau to support the stations.

Should the reduction in the Weather Bureau's appropriation for operation of the ocean weather stations and Marcus Island result in the termination of these essential weather services, the Department of Defense would be denied vital weather information. We, therefore, desire to render you all possible assistance to assure that the necessary funds are restored by the Senate. Since these stations support both Air Force and Navy weather reporting requirements, Brig. Gen. W. E. Carter (Code 11, Ext. 79783) of the Air Force and Capt. Walter D. Gaddis (Code 11, Ext. 77105) of the Navy have been requested to work with your staff to provide any assistance you may require in developing an appeal for restoration of this reduction. Please contact them as required. They will also arrange to provide any backup witnesses you may desire to present the Department of Defense views on this matter in appearances before the Senate Appropriations Committee.

Sincerely,

BOB.

#### ECONOMY ACT TRANSFER PROVISION

Senator PASTORE. With respect to those reprogramming involving programs of the Weather Bureau, Secretary Vance in his letter of transmittal cites the transfer provision of the Economy Act as the authority for the Department of Defense funding these operations. I will include in the record the pertinent provisions of section 686 of title 31, United States Code.

(The section referred to follows:)

#### SECTION 68. PURCHASE OR MANUFACTURE OF STORES OR MATERIALS OR PERFORMANCE OF SERVICES BY BUREAU OR DEPARTMENT FOR ANOTHER BUREAU OR DEPARTMENT

(a) Any executive department or independent establishment of the Government, or any bureau or office thereof, if funds are available therefor and if it is determined by the head of such executive department, establishment, bureau, or office to be in the interest of the Government so to do, may place orders with any other such department, establishment, bureau, or office for materials, supplies, equipment, work, or services, of any kind that such requisitioned Federal agency may be in a position to supply or equipped to render, and shall pay promptly by check to such Federal agency as may be requisitioned, upon its written request, either in advance or upon the furnishing or performance thereof, all or part of the estimated or actual cost thereof as determined by such department, establishment, bureau, or office as may be requisitioned; but proper adjustments on the basis of the actual cost of the materials, supplies, or equipment furnished, or work or services performed, paid for in advance, shall be made as may be agreed upon by the departments, establishments, bureaus, or offices concerned: *Provided*, That the Department of the Army, Navy Department, Treasury Department, Federal Aviation Agency, and the Maritime Commission may place orders, as provided herein, for materials, supplies, equipment, work, or services, of any kind that any requisitioned Federal agency may be in a position to supply, or or render or to obtain by contract: *Provided further*, That if such work or services can be as conveniently or more cheaply performed by private agencies such work shall be let by competitive bids to such private agencies. Bills rendered, or requests for advance payments, made, pursuant to any such order, shall not be subject to audit or certification in advance of payment.



## DEFENSE-COAST AND GEODETIC SURVEY AGREEMENT

Senator PASTORE. I will include in the record a letter from Dr. Harold Brown, Director of Defense Research and Engineering, to Adm. H. Arnold Karo, Director of the U.S. Coast and Geodetic Survey, setting out the agreement of these two agencies with respect to the worldwide seismograph program.

(The letter referred to follows:)

FEBRUARY 19, 1964.

Rear Adm. H. ARNOLD KARO,  
*Director, U.S. Coast and Geodetic Survey,*  
*Washington, D.C.*

DEAR ADMIRAL KARO: I wish to restate the understanding existing between your agency and the Department of Defense with regard to the worldwide standard seismological network. This will be in support and clarification of the worldwide cooperative network program in fiscal year 1965.

In 1960, the Advanced Research Projects Agency recognized the need for upgrading existing worldwide seismograph stations with modern equipment and calibrated instrumentation in order to supply the highest quality data needed for our research program in nuclear test detection. Because of related missions of your agency, we considered that the U.S. Coast and Geodetic Survey was the most appropriate agent to conduct the program for us. It was agreed that the Department of Defense would pay for the procurement and installation of equipment in some 50 countries throughout the world. In addition, it was agreed that we would pay for the initial upgrading of the seismograph equipment that might be needed. After the installation of the equipment, the U.S. Coast and Geodetic Survey was to fund for the maintenance and operation of the stations and for the cost of operating the Data Analysis Center. This delineation of funding responsibility was agreed to by your agency and concurred in by the Bureau of the Budget in 1962.

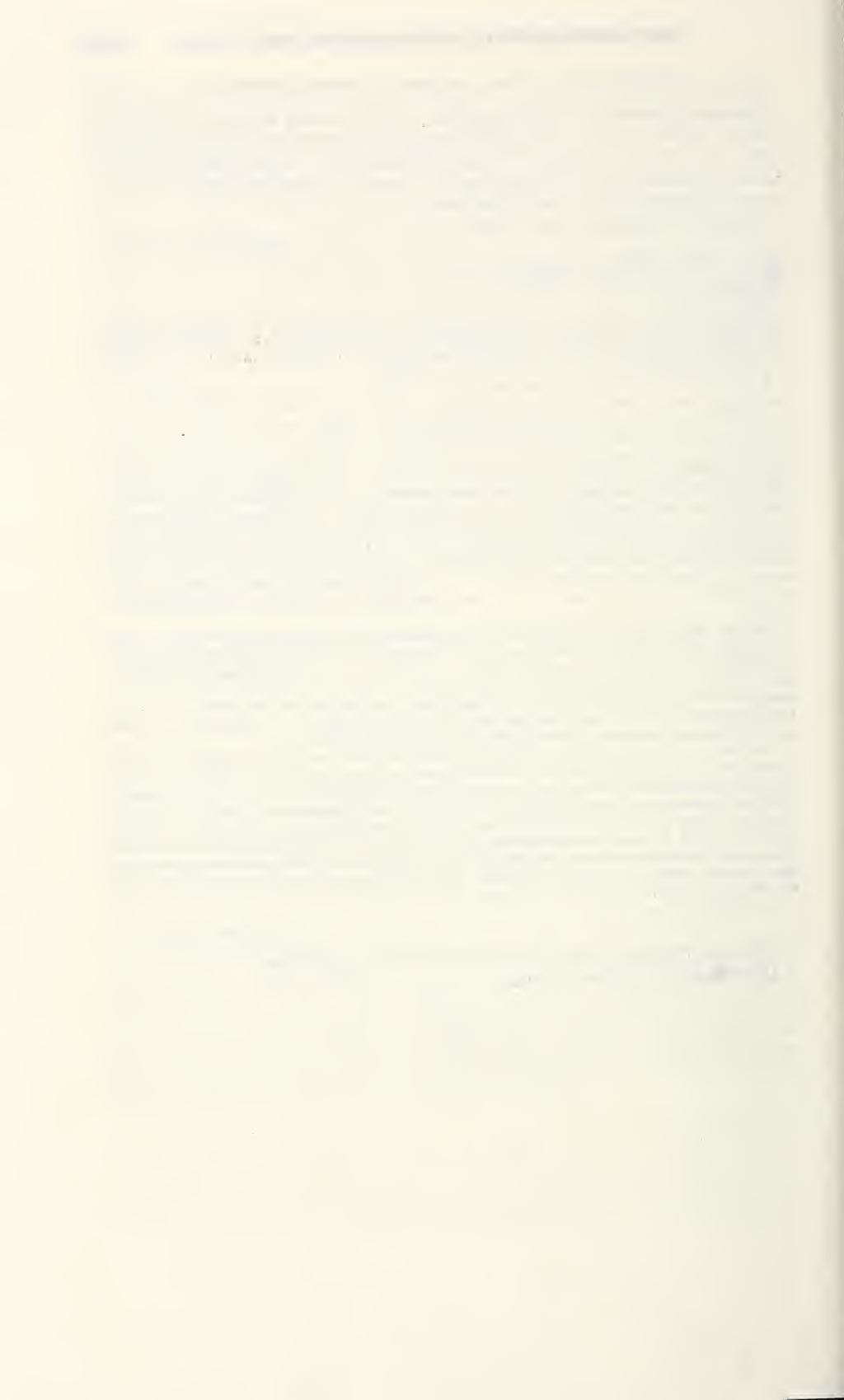
On the basis of this agreement the Department of Defense has provided or will provide funds for the completion of the procurement of the basic equipment and installation of stations through fiscal year 1964. The President's budget for fiscal year 1965 includes in the Commerce Department budget funding for, and assigns to the U.S. Coast and Geodetic Survey responsibility for, the U.S. contribution to operating these stations, installing any stations not completed in fiscal year 1964, and operating the World Seismic Data Center.

We cannot overemphasize the importance of the worldwide network to the much needed improvement in the science of seismology. As a byproduct, the cooperative network will also be making major contributions to the provision of the basic research data needed to improve the position of this country in negotiating an international test ban treaty on underground testing. Over \$7 million has been invested to date to insure that these objectives are realized, and it is now time to start obtaining some of the payoff in this important step toward standardizing world seismic systems through the continuing efforts of the Coast and Geodetic Survey.

Sincerely,

HAROLD BROWN.

Senator PASTORE. Are there any further questions?  
Gentlemen, we thank you.



## THE JUDICIARY

COURT OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES

STATEMENTS OF DARWIN H. ANDERSON, ASSISTANT CHIEF OF  
BUSINESS ADMINISTRATION, ADMINISTRATIVE OFFICE, U.S.  
COURTS; AND ROYAL E. JACKSON, CHIEF, DIVISION OF BANK-  
RUPTCY, ADMINISTRATIVE OFFICE, U.S. COURTS

### SALARIES OF REFEREES

Senator PASTORE. The next item relates to the judiciary, an additional sum of \$60,000 is requested for salaries of referees. Justification to support the supplemental request will be placed in the record. (The justification referred to follows:)

#### THE JUDICIARY

"COURT OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES

"SALARIES OF REFEREES, UNITED STATES COURTS, 1965

(SPECIAL FUND)

"For an additional amount for 'Salaries of Referees,' to be derived from the Referees' salary and expense fund established in pursuance of the Act of June 28, 1946, as amended (11 U.S.C. 68) \$60,000."

Present appropriation-----	\$2, 670, 000
Revised estimate-----	2, 730, 000
Supplemental request-----	60, 000

#### JUSTIFICATION

The Judicial Conference of the United States in March of 1964 authorized the appointment of three additional full-time referees and the conversion of four part-time referees to a full-time status subject to the availability of funds. The additional positions and conversions authorized by the Conference were as follows:

New positions (full time):	
Minnesota at Minneapolis-----	\$15, 000
Missouri (W) at Kansas City-----	15, 000
California (S) at Santa Ana-----	15, 000
Conversions (part time to full time):	
Rhode Island at Providence (\$7,500 to \$15,000)-----	7, 500
Virginia (W) at Lynchburg (\$7,500 to \$15,000)-----	7, 500
Indiana (N) at South Bend (\$7,500 to \$15,000)-----	7, 500
Iowa (N) at Fort Dodge (\$7,500 to \$15,000)-----	7, 500
Total personnel compensation-----	75, 000
Related benefits-----	5, 000
Total annual cost-----	80, 000

The amount requested herein; namely \$60,000, represents a 9-month provision in anticipation of the funds being made available on or about October 1, 1964. The Judicial Conference of the United States in September 1963, having recog-



nized the substantial increase in bankruptcy case filings, which at that time was running almost 20-percent higher than in the previous year, authorized the inclusion of the sum of \$235,000 in the budget estimate for fiscal year 1965 to cover any additional referees and changes in salaries and arrangements that it may approve in March of 1964. This was done in an attempt to avoid the delays experienced in the past in the implementation of its actions which are necessarily subject to the availability of funds. The estimate contemplated the creation of nine full-time referee positions, the conversion of nine part-time referees to a full-time status and some salary adjustments.

Subsequent to the meeting in September 1963, bankruptcy case filings to some degree leveled off and the Judicial Conference in March 1964 authorized only three additional full-time positions and the conversion of only four part-time referees to a full-time status at an annual cost of \$80,000 or \$155,000 less than the sum included in the budget. The Conference did not authorize any salary adjustments.

The appropriation bill as it was initially approved by the House of Representatives did not include any funds for implementing the actions of the Judicial Conference in March of 1964. The bill was amended by the Senate to include \$80,000 for this purpose under the heading "Salaries of Referees," but the Senate did not prevail in conference and the House version of the bill was enacted.

The additional positions and conversions authorized by the Judicial Conference were based on the recommendations of the district judges, the judicial councils of their respective circuits and of the Director of the Administrative Office of the U.S. Courts. The following statistics clearly reflect the urgent need for the additional positions or changes in arrangements in each of the districts concerned:

#### DISTRICT OF MINNESOTA

At the present time there are three full-time referees serving in the district of Minnesota, two at Minneapolis and one at St. Paul. The Judicial Conference has authorized an additional full-time referee at Minneapolis to provide prompt and efficient administration of the cases in the Minneapolis-St. Paul area. Funds for the salary of the fourth referee must be provided before an appointment can be made.

The volume of bankruptcy business in this district has increased from 1,785 cases in 1959 to 3,146 cases in 1964, an increase of over 75 percent. The new cases in the district include a high percentage of corporate arrangement and reorganization proceedings filed under chapters X and XI of the act. These cases involve large firms with substantial assets and prompt administration is imperative and in the public interest. It cannot be assured without additional referee service in the district.

During 1964 fees collected from the parties in bankruptcy cases in the district aggregated \$137,808 as compared with \$81,205 collected and deposited during fiscal year 1959. These moneys are all deposited in the referees' salary and expense fund in the Treasury.

#### WESTERN DISTRICT OF MISSOURI

At the present time there is only one full-time referee serving in the Western District of Missouri at Kansas City. The Judicial Conference has established an additional full-time referee position to serve at Kansas City with concurrent jurisdiction in both the Eastern and Western Districts of Missouri.

The number of cases in this district has steadily increased from 783 in 1959 to 1,875 in 1964. As of June 30, 1964, there were 1,121 pending cases whereas on July 1, 1959, there were only 876 cases pending.

In the Eastern District of Missouri where presently two referees are provided, and where the new referee will also serve, the number of new cases filed annually has increased from 772 in 1959 to 3,019 in 1964, far beyond the capacity of the two referees now provided for the district.

The bankruptcy business in the two districts of Missouri now greatly exceeds the capacity of its combined staff of three referees in bankruptcy and the service of the additional referee at Kansas City is urgently needed.

During fiscal year 1964 the referee in Kansas City collected and deposited into the referees' salary and expense fund the sum of \$77,295 compared with only \$43,775 collected and deposited during fiscal year 1959.

## SOUTHERN DISTRICT OF CALIFORNIA

At the present time there is only one referee serving in Santa Ana, Calif., on a full-time basis. The Judicial Conference has authorized the second full-time referee with headquarters at Santa Ana.

There has been a steady growth in the number of cases arising in the territories of the San Diego and Santa Ana referees during the past 5 years. For several years one of the full-time referees at San Diego has been regularly assigned to sit in Santa Ana to assist in the work of that office.

The workload at both San Diego and Santa Ana now requires the full time of two referees at each place for prompt and efficient administration. During 1964 there were 2,356 cases filed in Santa Ana compared with only 373 cases filed in 1959. In San Diego during 1964 there were 2,155 cases filed compared with 892 in 1959. The pending caseloads in the Santa Ana and San Diego offices increased during the period from July 1, 1959, to June 30, 1964, from 731 to 2,102 and from 921 to 1,704, respectively. It is no longer possible for the San Diego referees to assist at Santa Ana without serious detriment to the interests of bankrupts and creditors in San Diego cases.

Deposits into the referees' salary and expense fund by the referees in the Southern District of California increased from \$535,058 in 1959 to \$966,598 in 1964.

## DISTRICT OF RHODE ISLAND

The Judicial Conference has authorized a change in the position of the referee in the District of Rhode Island from a part-time to a full-time basis with an increase in salary from \$7,500 to \$15,000 per annum. This change was necessary because of the increase in work and the consequent demands upon the referee's time. A total of 202 cases were referred to the referee in 1956 compared with 400 cases filed in 1964. As of June 30, 1964, there were 322 pending cases as compared with only 261 cases pending on July 1, 1959. While the number of cases in the district is not so great as in other districts, the proportion of complicated asset and arrangement cases is much higher than normal. The referee has stated that because of his official duties he no longer has any time to devote to his private law practice. If he is to be expected to devote his full time to bankruptcy work he should be compensated accordingly.

During 1964 the sum of \$28,742 was collected from the parties in bankruptcy proceedings and deposited into the referees' salary and expense fund. During 1959 the sum of only \$15,941 was collected and deposited into the fund.

## WESTERN DISTRICT OF VIRGINIA

At the present time there are three referees in the Western District of Virginia, a full-time referee at Roanoke, a part-time referee at Lynchburg, and a part-time referee at Harrisonburg. The Judicial Conference has authorized the change of the part-time referee position at Lynchburg to a full-time basis, with an increase in the salary from \$7,500 to \$15,000 per annum. Territorial changes also have been recommended which will have the effect of equalizing the caseload of the full-time referees and will relieve, to some extent, the increasing caseload of the part-time referee at Harrisonburg. The increasing work at the Lynchburg office has forced the referee at that place to abandon his law practice in order to keep his judicial duties current. The district judges feel that this change in the Lynchburg referee position is most urgent and necessary for adequate and efficient service to the public.

During 1964 there were 682 cases referred to the referee at Lynchburg compared with only 424 in 1959. As of June 30, 1964, there were 564 pending cases as compared with only 262 on July 1, 1959. Deposits into the referees' salary and expense fund have increased approximately 50 percent during the past 5 years.

## NORTHERN DISTRICT OF INDIANA

At the present time there are two part-time referees in the Northern District of Indiana, one at Gary and the other at South Bend. The Judicial Conference has changed the part-time position in South Bend to a full-time basis and have fixed the salary of the referee at \$15,000 per annum. The referee at South Bend received a total of 1,214 cases during 1964 which is well above the criterion established for full-time service by the Judicial Conference. As of June 30, 1964, the pending caseload was 439 compared with 347 on July 1, 1959. The

deposits into the referees' salary and expense fund by the referee at South Bend have tripled during the past 5 years. As is true in Lynchburg, Va., and Providence, R.I., the part-time referee at South Bend is severely handicapped in retaining his law practice and at the same time keeping abreast of his judicial duties. It is believed fully in the public interest that this position be changed to a full-time basis.

#### NORTHERN DISTRICT OF IOWA

One part-time referee is presently authorized for this district with official headquarters at Fort Dodge. The Judicial Conference has authorized a change in the position from a part-time to a full-time basis with an increase in salary from \$7,500 to \$15,000 per annum, and that the headquarters of the referee be changed from Fort Dodge to Cedar Rapids, where the bulk of the bankruptcy work of the district is now centered.

The volume of business in this district has increased very rapidly since 1960 when a total of 254 cases was filed. In 1961 the volume increased to 426 cases and in 1962 the total rose to 550, more than double the 1960 volume. During 1964 the referee received 724 cases. As of June 30, 1964, there were 592 pending cases compared with 166 pending on July 1, 1959. During 1964 the referee deposited the sum of \$42,184 into the salary and expense fund compared with only \$11,126 deposited during 1959.

The volume of business arising in this district and the extent of the territory to be served fully justifies the authorization of a full-time referee.

#### Program and financing

[In thousands of dollars]

	1965 presently available	1965 revised estimate	1965 increase (+) or decrease (-)
Program by activities: Salaries and benefits (obligations).....	2,670	2,730	+60
Financing: New obligational authority (appropriation).....	2,670	2,730	+60

#### Object classification

[In thousands of dollars]

	1965 presently available	1965 revised estimate	1965 increase (+) or decrease (-)
Personnel compensation:			
Permanent positions.....	2,161	2,240	+79
Positions other than permanent.....	326	303	-23
Total personnel compensation.....	2,487	2,543	+56
Personnel benefits.....	183	187	+4
Total obligations.....	2,670	2,730	+60

#### Personnel summary

	Presently available, 1965	Revised estimate, 1965	Increase (+) or decrease (-) 1965
Total number of permanent positions.....	146	153	+7
Full-time equivalent of other positions.....	27	25	-2
Average number of all employees.....	199	201	+2
Employees in permanent positions, end of year.....	146	153	+7
Employees in other positions, end of year.....	53	49	-4



*Amounts available for appropriation*

[In thousands of dollars]

	Presently available, 1965	Revised estimate, 1965	Increase (+) or decrease (-) 1965
Unappropriated balance brought forward.....	10,734	10,734	-----
Receipts.....	10,046	10,046	-----
Total available for appropriation.....	20,780	20,780	-----
Deduct appropriation:			
Salaries of referees.....	2,670	2,730	+60
Expenses of referees.....	5,750	5,750	-----
Total appropriation.....	8,420	8,480	+60
Unappropriated balance carried forward.....	12,360	12,300	+60

*Detail of personnel compensation*

	1965 presently available		1965 revised estimate		1965 increase (+) or decrease (-)	
	Number	Total salary	Number	Total salary	Number	Total salary
Grades and ranges:						
Special positions at rates established by the Judicial Conference:						
\$15,000, referee in bankruptcy.....	138.0	\$2,070,000	145.0	\$2,175,000	+7.0	+\$105,000
\$13,750, referee in bankruptcy.....	4.0	55,000	4.0	55,000	-----	-----
\$12,500, referee in bankruptcy.....	4.0	50,000	4.0	50,000	-----	-----
Total permanent.....	146.0	2,175,000	153.0	2,280,000	+7.0	+105,000
Deduct lapses.....	1.0	19,000	3.0	45,250	1.8	26,250
Net permanent (average number, net salary).....	145.0	2,156,000	150.0	2,234,750	5.2	78,750
Positions other than permanent: Part-time employment.....	-----	331,000	-----	308,500	-----	-22,500
Total personnel compensation.....	-----	2,487,000	-----	2,543,250	-----	56,250

## COST OF SALARIES OF REFEREES IN BANKRUPTCY

Senator PASTORE. Is Mr. Jackson here to testify?

Mr. ANDERSON. I am Darwin H. Anderson from the administrative office. This is Mr. Jackson, chief of our Bankruptcy Division. The item before us this morning is a supplemental for \$60,000 representing the cost of salaries of certain referees in bankruptcy for 9 months of the current fiscal year. This is an item which was in our regular 1965 budget estimates but was denied by the House, was added to the appropriation estimate by the Senate, but we lost it in conference.

Now we come before you this morning with this item for the reason that the courts involved, the particular courts involved, are urging us to get the funds to permit these positions to be added to their staffs at the earliest possible time. These positions are ones which are authorized by the Judicial Conference of the United States. This action was taken in March 1964. This is the reason we are here with this item.

Senator PASTORE. Why, isn't this a second bite at the cherry? Now I am speaking in terms of the House.

Mr. ANDERSON. It is.

Senator PASTORE. The House has already considered this and denied it?

Mr. ANDERSON. Yes, sir.

Senator PASTORE. The Senate restored it and then it was lost in conference?

Mr. ANDERSON. Yes, sir.

Senator PASTORE. How do you expect us to get it? Is there any new evidence here? What is the urgency for this? I would like to have the record developed in this respect because we are going back with something which has already been considered by the House and denied. I understand it was in your regular budget; it was denied by the House; it was restored by the Senate, went to conference, and it was knocked out.

Mr. ANDERSON. That is correct.

Senator PASTORE. So we are doing it all over again, aren't we?

Mr. ANDERSON. Yes, sir.

Mr. JACKSON. Mr. Chairman, with your permission—

#### CASELOAD EMERGENCY

Senator PASTORE. Yes; I want to get the background so that you can fortify the presentation here.

Mr. JACKSON. Normally, Mr. Chairman, we would not come back and ask this committee to restore this item, but since the 1965 appropriation was enacted we have had so many communications from the judges of the districts involved and from the referees in bankruptcy that we have what I think borders on an emergency situation in these courts because of the heavy caseload.

May I call your attention to the fact that we are not asking for any money out of the general funds of the Treasury. These funds that we are requesting will come out of the special fund in the Treasury which now has a balance of more than \$11 million and is made up out of the payments, out of the assets of bankrupt estates. So this system is self-supporting.

#### LOCATION OF REFEREE POSITIONS

The three new referee positions involved here are located in Minneapolis, Minn., Kansas City, Co., and Santa Ana, Calif. There is no question in our minds that the caseloads in these areas fully justify additional referee service which is very badly needed. The part-time positions which are to be changed to a full-time basis are in Providence, R.I., Lynchburg, Va., South Bend, Ind., and in the northern district of Iowa at Fort Dodge.

Here again you realize that a part-time referee is a practicing lawyer. He devotes a portion of his time to law practice and the rest of his time to judicial duties. In every one of these part-time positions these referees have lost virtually all of their law practice because of the demands of their judicial work. If we do not come to you now, the chances are that it will be a year before we can get any relief to these courts. If we have another 10 percent increase in the bankruptcy caseload in the next fiscal year, as we did last, the workload here could very well get completely out of hand. I know that the cases in these territories are very heavy because I am in constant touch with these courts.

As an example, in the district of Rhode Island, to illustrate the type of cases that are received there, the referee there is now in the process of closing a case which, from this one case alone, will pay almost \$90,000 into the fund, this is a big one.

#### SALARY AND EXPENSE FUND

Senator ALLOTT. \$90,000 in that fund?

Mr. JACKSON. Salary and expense fund out of which the bankruptcy courts are supported. It is a special fund in the Treasury which cannot, under the statute, be used for any other purpose.

Senator ALLOTT. This comes from the collection of bankruptcy fees?

Mr. JACKSON. It comes from the fees and also from assessments against assets of bankrupt estates.

Senator ALLOTT. Let us get this cleared up. What assessments against bankrupt estates?

Mr. JACKSON. In the liquidation of the assets of the bankrupt estate the statute provides for certain assessments. I think now it runs 1 percent of the assets coming into the hands of the trustees for support of this fund.

Senator ALLOTT. This is really a fee of the bankruptcy court then?

Mr. JACKSON. That is correct.

Senator ALLOTT. That is what I said a moment ago, and you said no.

#### SELF-SUPPORTING SYSTEM

Mr. JACKSON. I misunderstood you, sir. So the system is self-supporting. It has been since its inception in 1947 when the referees were placed on a salary basis.

In the Western District of Virginia the situation is very much the same as it is in Rhode Island and in the northern district of Indiana. And the northern district of Iowa. We evaluate the caseload of the referee in terms of what we call the average type of cases that come to him. Normally in the country as a whole, 90 percent approximately of the bankruptcy cases are employee-type cases. Ten percent are asset cases or arrangements under chapter XI.

In all of these districts taking into account the type of cases they receive we have no doubt, and neither did the Judicial Conference, that these four part-time positions are needed on a full-time basis. Again—

#### REFEREE SALARY

Senator PASTORE. What will you pay these referees?

Mr. JACKSON. The present maximum salary is \$15,000. Under the new pay bill it will go to a maximum of \$22,500. But these salaries have to be fixed by the Judicial Conference of the United States within the limits set by the new bill, and I think the Judicial Conference will probably fix their salaries tomorrow. So far they have not acted on this question of salaries.

Senator PASTORE. Now just to be specific, you have taken this Virginia case which you cited and the Rhode Island case. He operates now on a part-time basis?

Mr. JACKSON. Yes.

Senator PASTORE. How is his fee fixed?



Mr. JACKSON. His salary?

Senator PASTORE. Yes.

Mr. JACKSON. His salary is fixed first by a set of recommendations which are produced by the Director of the Administrative Office, following a careful survey. He evaluates the workload, size, and character of his territory, the number of places of holding court and so forth. The Director makes a recommendation first to the district court and the judicial council of the circuit and they make their own recommendations, and the Judicial Conference has the authority to fix the salary.

Senator PASTORE. Now these men, these referees will give up their private practice?

#### REFEREES IN THE UNITED STATES

Mr. JACKSON. Yes, sir; they must under the act.

Senator PASTORE. Now how many permanent referees do we have in the United States and how many part time do we have?

Mr. JACKSON. There are presently 202 positions for the country as a whole, including Alaska and Puerto Rico, and approximately 25 percent, I don't know the exact number, are part time. The rest are on a full-time basis.

#### CONVERSION OF PART-TIME POSITIONS

Senator PASTORE. We are not making all the part time full time?

Mr. JACKSON. No, sir.

Senator PASTORE. Just in certain areas where we feel there is capacity there for a full-time referee?

Mr. JACKSON. Only these four positions are involved here. We have studied this very thoroughly, and we would not come back to you if we did not have very urgent situations here.

Senator PASTORE. This \$60,000 is to take care of these four part time in full time?

Mr. JACKSON. Four part time and three full time for the 9 months of the fiscal year because we could not get the changes into effect before the 1st of October now, in the current fiscal year.

Senator PASTORE. Are there any further questions?

Senator BIBLE. The only question I would have, Mr. Chairman, is that this was denied or lost a month ago. Now is there anything in addition to what you have said that would build a better case? It seems to me you have a good strong plea, but it was lost just 30 days ago. Has something happened in the last 30 days that strengthens your case?

Mr. JACKSON. The only thing which has happened which I can say to you gentlemen is that the courts concerned here are so much concerned about the importance of this work and what may happen to it a year from now that they have urged us to come back to you and ask that this matter be reconsidered.

#### EFFECT IF ESTIMATE IS DISAPPROVED

Senator BIBLE. If you don't get this amount, you can lose four part-time referees and three full-time referees?

Mr. JACKSON. No; what will happen is that the referees will struggle along as best they can. We may be obliged to do what we had to do last year. We may have to ask a full-time referee in some neighboring State to leave his office for a period of time now and then to go help out. What will really happen when a referee becomes overloaded with work, and I have seen this for 18 years, I know what they have to do, the statute provides certain things they must do within a given period of time. They set a new case for hearing within 30 days after a petition is filed. When they get overloaded, they will see that the cases are administered to a certain point. They may stop short of the final distribution of creditors and then they have to turn to new work. These cases are not closed. They simply sit on the docket. The creditors are usually the losers when there is slow administration. This is not the kind of service that we ought to be giving to the public.

Senator PASTORE. I think you have something that is even more serious than that. I think the best argument is that it is a personal injustice to an individual who is being paid on a part-time basis and he is being required under the provisions of the law to do a full-time job. There is your best argument, because it is provided under the law that they act within certain fixed time to bring about the different steps that are necessary in order to adjudicate a case in bankruptcy, and then make distribution of assets to the creditors. Not only that, the law already requires that we tag the assets of that estate a certain amount of fixed fee in order to compensate the Government for the time and trouble it takes. The Government becomes an unjust beneficiary, I think, in collecting fees and not paying the person who is doing the work.

That is unjust enrichment.

Mr. JACKSON. The answer, Mr. Chairman, is that the public is paying for a service which they are not getting.

Senator PASTORE. Well, we will take another stab at that, but just keep your fingers crossed.

Mr. JACKSON. Thank you, sir.

#### INCREASE IN CASES FILED

Senator ALLOTT. One question. Has there been a great increase in the cases filed?

Mr. JACKSON. There has been a steady increase in the number of bankruptcy cases filed every year since the war; 1952 was the only fiscal year the new filings dropped below the preceding year. Last year 155,493 cases were filed. I mean by that, the 1963 fiscal year. Ending June 30, 1964, there were 171,719 which is a little more than 10 percent increase. If we have another 10 percent increase in 1965 fiscal year, there is no doubt we will have to expand the referee service to give the public the service it is entitled to receive.

Senator ALLOTT. Do you have the statistics on the bankruptcies by States?

Mr. JACKSON. Yes, sir; we have those statistics.

Senator ALLOTT. Is there anything in those statistics which would help the situation?

Mr. JACKSON. Yes, sir.

Senator ALLOTT. Other than the 10 percent increase from 164 to 175, or whatever it was?

Mr. JACKSON. You mean with reference to these individual districts?

Senator ALLOTT. Yes.

Mr. JACKSON. Yes, I have material that I prepared on the individual districts.

Senator ALLOTT. Mr. Chairman, why don't we have that put in the record? We are trying to justify that on these districts.

Senator PASTORE. All right.

#### DISTRICTS OF MISSOURI

Mr. JACKSON. With your permission, I would like to refer for the moment to the two districts of Missouri. One of these full-time positions is to be placed at Kansas City. We have presently two referees at St. Louis and one in Kansas City. We are asking for the fourth one to go at Kansas City. Taking the normal caseload of a thousand average cases per year per referee, in 1964 the eastern district of Missouri, St. Louis, had 3,018 cases with two referees. In Kansas City, in the western district, they had 1,875. Actually we could use very well five referees in the entire State of Missouri, but we are asking only to put one more to make the total four. They can probably handle the work. It will be a struggle. This is repeated in the southern district of California where we need one in Santa Ana. In Santa Ana there were 2,356 cases in 1964 handled by one referee with some assistance from San Diego. In 1964, San Diego received 2,155 cases. There are two referees there. They should be devoting full time to San Diego. Santa Ana ought to have a second referee.

Senator PASTORE. Well, you will supply all that for the record, won't you?

Mr. JACKSON. Yes, sir.

(The information referred to follows:)

#### ADDITIONAL AND CHANGES IN REFEREE POSITIONS

Statistical and other data in support of additional referee positions and in changes in referee positions from a part-time to a full-time basis.

#### DISTRICT OF MINNESOTA

Request for additional full-time referee position.

This district now has three full-time referee positions. In 1961, when the third position was added, the referees were receiving approximately 2,100 cases a year. In 1964 the volume had increased approximately 50 percent to a total of 3,146 cases. The cases filed in Minnesota include a higher than average proportion of chapter XI (arrangement) and large asset cases. A normal workload per referee, taking into account the character of the cases, should not exceed 800 cases a year in this district. Adding the proposed new referee position will restore the workload per referee to a normal level.

#### EASTERN AND WESTERN DISTRICTS OF MISSOURI

Request for additional full-time referee position to serve both districts.

At the present time the eastern district has two referees and the western one. In the fiscal year 1964 the eastern district received 3,018 cases and the western district 1,875. The cases in Missouri are regarded as "average" in that approximately 90 percent are employee type and 10 percent business or asset cases including corporate reorganization, and arrangement proceedings. A caseload of 1,000 to 1,200 cases per year per full-time referee is regarded as normal for this



type of case. Because of the heavy overload in both districts, the Judicial Conference of the United States in authorizing the fourth position established concurrent jurisdiction for the position in both districts. It is not possible to obtain assistance from referees of other districts and the need for an additional full-time referee at Kansas City to serve in both districts is urgent.

## SOUTHERN DISTRICT OF CALIFORNIA

Additional full-time referee requested for Santa Ana.

More bankruptcy cases are filed in this district than in any other district in the country. A total of 20,189 cases were filed in the district in 1964. The bankruptcy court is presently staffed by 14 full-time referees, 9 of whom are at Los Angeles, 2 at San Diego and 1 each at Fresno, San Bernardino, and Santa Ana. The case load per referee in 1964 averaged 1,428 cases, well above the normal load. The Santa Ana referee's office in 1964 received 2,356 cases and, in order to keep abreast of the work, the Santa Ana referee has heretofore received assistance from 1 of the 2 San Diego referees. The San Diego office, however, received 2,155 cases in 1964 and that office cannot continue to assist the referee at Santa Ana without seriously delaying the administration of the San Diego cases. The authorization of the salary for the second referee at Santa Ana is urgently needed.

## DISTRICT OF RHODE ISLAND

Request for funds to pay salary of referee on a full-time basis.

The district of Rhode Island is served by one part-time referee located at Providence. The Rhode Island referee received 400 cases in 1964, including 23 corporate reorganization and arrangement proceedings. Approximately half of the cases arising in this district are asset cases and the work involved in administering these cases now urgently requires the full-time services of the referee. The cases arising in this district are comparable to those which are filed in the district of Massachusetts, the southern district of New York, the eastern district of New York and the district of New Jersey, where each full-time referee is required to administer comparable caseloads. Because of the pressure of the work of the bankruptcy court, the part-time referee at Providence can devote no time to his private law practice and has lost virtually all of his practice due to the pressure of his judicial duties. It should be noted that costs of administration of asset cases in this district are among the lowest in the Nation, 15.9 percent of total realization compared to 26.4 percent in the country as a whole.

## WESTERN DISTRICT OF VIRGINIA

Request for funds to pay salary of Lynchburg referee on a full-time basis.

The western district of Virginia is served by one full-time referee at Roanoke and by two part-time referees located at Lynchburg and Harrisonburg. In 1964, the Lynchburg referee received 682 cases and, under a rearrangement of the territories of the referees in this district, he will hereafter receive an estimated 800 to 1,000 cases a year. The Lynchburg referee holds court regularly at Lynchburg, Danville, and Charlottesville and elsewhere in the territory when interests of parties to these proceedings require it. Because of the pressure of the work of the bankruptcy court, his private law practice has virtually ceased. In addition, he is presently required to assist in the bankruptcy court at Roanoke where the incumbent referee is presently partially incapacitated by illness. The change of the Lynchburg position to a full-time basis is urgently recommended by the district judges of this district.

## NORTHERN DISTRICT OF INDIANA

Request for funds to change part-time position at South Bend to a full-time basis.

This district is presently served by two part-time referees located at Gary and South Bend. Because of the increasing volume of bankruptcy business at South Bend, the Judicial Conference authorized the change of this position to a full-time basis at the March 1964 session. In the fiscal year 1964, 1,214 bankruptcy cases were referred to the South Bend referee. This volume of new cases

equals or exceeds the volume of business in most of the full-time bankruptcy courts of the country. It necessarily follows that the referee at South Bend can no longer do justice to his judicial duties and continue in the private practice of law. It is believed that the change of this position to a full-time basis at the earliest possible date is definitely in the public interest.

NORTHERN DISTRICT OF IOWA

Request for funds to change part-time position to a full-time basis.

The northern district of Iowa is served by one part-time referee in bankruptcy located at Fort Dodge. The referee holds court at Fort Dodge, Cedar Rapids, Sioux City, Dubuque, and Waterloo. In 1964, 724 bankruptcy cases were filed in this district. The volume of bankruptcy business in the district, taking into account the territory served by the one referee and the number of places at which court is held, can no longer be efficiently conducted on a part-time basis. The district court is anxious to have this position changed to a full-time basis to insure the full protection of creditors and other parties in interest in these proceedings. It is believed to be in the public interest to provide full-time service of the referee in this district at the earliest possible date.

LETTER FROM CONGRESSMAN POFF

Senator PASTORE. The statement of Congressman Richard H. Poff, submitted in support of the request for \$60,000 for salaries of referees, will be placed in the record.

Mr. Chairman, I appreciate this opportunity to urge approval of the \$60,000 supplemental item requested by the Bankruptcy Division of the Administrative Office. That item was included in the President's budget for fiscal year 1965. It was approved by the Judicial Conference. And it has been endorsed by the chief judge of the U.S. District Court for the Western District of Virginia.

The legislative history of this item has been spread upon the record, and I shall not deal with that phase of the matter. Rather, I want to underscore the urgent need for this appropriation. The funds requested will, among other things, provide for the conversion of four part-time referees in bankruptcy to a full-time status. One of these serves the western district of Virginia in which the congressional district I am privileged to represent lies.

I am advised that bankruptcy matters administered in this district have increased dramatically in recent years. The increase in the size and nature of the caseload compelled the Judicial Conference to recommend certain changes in geographical jurisdictions among the several offices involved and to recommend conversion from part time to full time the referee serving the area.

Inclusion of this item will not work any increase in the expenditure of funds from the general fund of the Federal Treasury because such costs are paid from the special fund collected in the course of administration of the Bankruptcy Act. Accordingly, for the sake of the bankrupt, the debtors, the creditors, the trustee, the bench and the bar, I trust that this item may be included in this supplemental appropriation bill this year.

## DISTRICT OF COLUMBIA

### STATEMENTS OF JOHN B. DUNCAN, COMMISSIONER, AND ACTING PRESIDENT OF THE BOARD OF COMMISSIONERS, DISTRICT OF COLUMBIA, AND COMMISSIONER JAMES A. WASHINGTON, JR., CHAIRMAN, PUBLIC SERVICE COMMISSION

#### EXPENSES OF PUBLIC UTILITIES COMMISSION

Senator PASTORE. The District of Columbia.

The next item relates to the District of Columbia and the request of \$25,000 for additional expenses of the Public Utilities Commission.

Justifications to support the request will be placed in the record.

(The justifications referred to follow :)

#### GENERAL OPERATING EXPENSES

##### "INVESTIGATION AND REGULATION OF PUBLIC UTILITIES

*"For an additional amount, fiscal year 1965, for 'General Operating Expenses,' \$25,000."*

The Commission submits herewith a request for a supplemental appropriation for the balance of fiscal year 1965 to properly fund and administer the provisions of the District of Columbia Securities Act, Public Law 88-503, approved August 30, 1964. This act is to provide for the regulation and business of selling securities in the District of Columbia and for the licensing of persons engaged therein and for other purposes. It will be noted that the request for a supplemental appropriation will cover the balance of this fiscal year for the positions listed below. A detailed justification of each position, plus the miscellaneous office equipment needed to establish this activity follows herewith.

The total amount requested will be distributed as follows :

Position (grade or title) or item	Number re- quested	Person- nel com- pen- sation	Person- nel benefits	Other	Total annual require- ment	Total required for fiscal year 1965
Personnel services:						
New positions requested:						
GS-14 securities control officer.....	1	\$14,170	\$1,051	-----	\$15,221	<sup>1</sup> \$11,045
GS-11 senior applications exam- iner.....	1	8,650	672	-----	9,322	<sup>2</sup> 6,000
GS-5 secretary (stenographer).....	1	5,000	425	-----	5,425	<sup>3</sup> 3,900
Total personnel services.....	3	27,820	2,148	-----	29,968	20,945
Contractual services and supplies:						
Travel and transportation of persons.....	-----	-----	-----	500	500	500
Rent, communications and utilities.....	-----	-----	-----	100	100	100
Printing and reproduction.....	-----	-----	-----	1,455	1,455	1,455
Other services (stenographic reporting).....	-----	-----	-----	1,000	1,000	1,000
Equipment.....	-----	-----	-----	1,000	1,000	1,000
Total request.....	3	27,820	2,148	4,055	34,023	25,000

<sup>1</sup> Estimated starting date for this position, Sept. 27, 1964.

<sup>2</sup> Estimated starting date for this position, Nov. 8, 1964.

<sup>3</sup> Estimated starting date for this position, Oct. 11, 1964.



This act will be initially administered by a total staff of two professional employees plus a secretary. The chief securities control officer will be responsible for placing the program into effect with all the necessary control, guidelines, rules, regulations, and records. The administration of this act will require the registration of all broker-dealers and their agents within the District of Columbia. All public offerings of new securities within the District of Columbia must be examined as well as applications for the listing of securities on both national and local exchanges. The requested staff will be responsible for advising the Public Utilities Commissioners and the staff of the Commission on such technical matters as stock issues, financial reports, qualifications of broker-dealers and their agents. Oral and written examinations will be administered to these individuals to determine their eligibility to participate in the program.

A secretary-stenographer will be required for assignment to this function.

It is expected that the revenues collected under the administration of this act will approximate \$20,000 per annum which will defray to a considerable extent the operating expenses to be incurred.

#### DISTRICT OF COLUMBIA SECURITIES ACT

Senator PASTORE. May we have your explanation of the estimate?

Mr. DUNCAN. Mr. Chairman, the Commissioners appreciate the opportunity to appear before this committee to testify on an amendment to our supplemental request for the 1965 fiscal year.

The justification submitted herewith is in support of three positions and \$25,000 for the balance of fiscal year 1965 for the Public Service Commission in order that it may properly administer the provisions of the District of Columbia Securities Act, Public Law 88-503, approved August 30, 1964. This act provides for the regulation and business of selling securities in the District of Columbia and for the licensing of persons engaged therein and for other purposes and must be placed in effect within 180 days after approval.

Commissioner James A. Washington, Jr., Chairman of the Public Service Commission, is here and prepared to support this request in detail.

Thank you for your consideration.

Senator PASTORE. All right, Mr. Washington.

#### COST OF ADMINISTERING LAW

Mr. WASHINGTON. I have no prepared statement, Mr. Chairman and members of the committee. As Commissioner Duncan stated, we are here seeking appropriation of \$25,000 to cover the cost of administration of the new securities law for the balance of this fiscal year. We contemplate the employment of three persons, one as securities control officer who will in fact administer the program; the second a backup man and adviser at grade GS-11; and a secretary. That is substantially the cost of the program as we see it. The incidental costs of course with reference to travel, communications, printing, and reproduction and stenographic and reporting services and equipment gives us a total need of \$25,000.

Senator PASTORE. Is this a new function or extension of an existing function?

Mr. WASHINGTON. No, this is a new function. As you may recall, the President signed the new Securities Act for the District of Columbia on August 30. It requires us to be in effective operation and administration within 180 days after signing of the act. As we see it, it requires us to have the initial application in and approved by that

time. So we have until around February 26 to get this program on board and in operation.

Senator PASTORE. Are there any questions?

REGULATING BUSINESS OF OFFERING FOR SALE OR SALE OF SECURITIES IN DISTRICT OF COLUMBIA

Senator ALLOTT. I would just like for my own edification to ask this question. Does this just cover securities issued within the District, is that all?

Mr. WASHINGTON. It does not cover securities issued in the District. It really regulates the business of offering for sale and the selling of securities in the District of Columbia.

Senator ALLOTT. It is really a regulation of the brokers?

Mr. WASHINGTON. Regulation of the brokers and the agents transacting business in the District of Columbia. It is not a registration of securities at all.

Senator ALLOTT. Thank you.

LETTER ON RESTORATION REQUESTED FOR HEALTH DEPARTMENT

Senator PASTORE. The letter from Commissioner John B. Duncan, dated September 21, 1964, urging the restoration of \$110,000 to enable the Department of Public Health to make additional payments to Children's Hospital, will be placed in the record.

Senator PASTORE. Gentlemen, we thank you.

(The letter referred to follows:)

SEPTEMBER 21, 1964.

HON. CARL HAYDEN,  
Committee on Appropriations,  
U.S. Senate, Washington, D.C.

DEAR SENATE HAYDEN: The Commissioners transmit herewith for the consideration of your committee a change desired by them in the supplemental appropriation bill, 1965, as reported by the Committee on Appropriations of the House of Representatives on September 17, 1964.

The change requested affects the general fund of the District of Columbia as follows:

Appropriation	Amount reduced by House Committee on Appropriations	Amount requested to be restored
Operating expenses: Health and welfare—Public health.....	—\$113,000	\$110,000

The restoration of \$110,000 requested will enable the Department of Public Health to make additional payments to Children's Hospital by conducting detailed financial investigations or casework studies of families of children receiving medical care at Children's Hospital. In many instances during the past fiscal year children were treated at Children's Hospital whose families were unable to pay for such treatment and yet did not meet the District's eligibility standards for financial aid. This is considered to be the basic reason for the critical financial situation at this institution. It is estimated that these individual determinations of each family's resources and ability to pay without strict adherence to existing standards of eligibility will result in additional payments totaling \$100,000 to Children's Hospital.

The remaining \$10,000 is requested for one social worker and a clerk-typist to conduct the individual investigations.

As indicated in the document transmitting this request to the House of Representatives, the following appropriation language will be required—

"For an additional amount, fiscal year 1965, 'Health and Welfare,' including not to exceed \$100,000 to reimburse Children's Hospital for care of children of parents not eligible for assistance under existing standards of eligibility but found, after individual examination, to be unable to meet the cost of medical care, \$110,000."

Your consideration of this request is greatly appreciated.

Sincerely yours,

JOHN B. DUNCAN.



## DEPARTMENT OF JUSTICE

### COMMISSION ON INTERNATIONAL RULES OF JUDICIAL PROCEDURE

#### STATEMENTS OF OSCAR COX, CHAIRMAN; HARRY LEROY JONES, DIRECTOR; AND J. C. BROWN, BUDGET OFFICER, DEPARTMENT OF JUSTICE

##### JUSTIFICATION

Senator PASTORE. The next item relates to the Commission on International Rules of Judicial Procedure and the request of \$158,000, to be available from January 1, 1964, to June 30, 1965.

Justifications filed in support of the request will be placed in the record.

(The justifications referred to follow:)

##### COMMISSION ON INTERNATIONAL RULES OF JUDICIAL PROCEDURE

###### "SALARIES AND EXPENSES

*"For expenses necessary for the Commission on International Rules of Judicial Procedure, \$158,000, to be available from January 1, 1964, and to remain available until June 30, 1965."*

##### JUSTIFICATION

An appropriation of \$17,763 is requested for the second half of fiscal year 1964 and \$140,237 for fiscal year 1965, as authorized by the act of August 30, 1964 (Public Law 88-522) amending Public Law 85-906, as amended.

Except for an appropriation of \$10,000 made by the Supplemental Appropriation Act, 1963, the Commission has had no appropriation since calendar year 1959. From January 1, 1960 to December 31, 1962, the Commission operated on a grant of private funds, in the amount of \$350,000, made by the Carnegie Corp. to Columbia University for the purpose of a joint program of research and study of international judicial assistance in collaboration with the Commission. The funds allocated from the Carnegie grant for the work of the Commission were exhausted on December 31, 1962, and the Commission was without funds until the receipt of the \$10,000 appropriated by the Supplemental Appropriation Act, 1963. The \$10,000 was insufficient to defray even the minimum expenses of the Commission for the calendar year 1963.

The funds requested for the second half of fiscal year 1964 are needed to enable the Commission to pay the accrued expenses of maintaining the office of the Commission on a standby basis including the compensation of the Director and his assistant since December 31, 1963, while the extension legislation was pending in the Senate.

The Commission was established for the purposes which are prescribed in section 2 of Public Law 85-906, as follows:

"The Commission shall investigate and study existing practices of judicial assistance and cooperation between the United States and foreign countries with a view to achieving improvements. To the end that procedures necessary or incidental to the conduct and settlement of litigation in State and Federal courts and quasi-judicial agencies which involve the performance of acts in foreign territory, such as the service of judicial documents, the obtaining of evidence, and the proof of foreign law, may be more readily ascertainable, efficient, economical, and expeditious, and that the procedures of our State and Federal tribunals for the rendering of assistance to foreign courts and quasi-judicial agencies be similarly improved, the Commission shall—

"(a) draft for the assistance of the Secretary of State international agreements to be negotiated by him;

"(b) Draft and recommend to the President any necessary legislation;

"(c) recommend to the President such other action as may appear advisable to improve and codify international practice in civil, criminal, and administrative proceedings; and

"(d) perform such other related duties as the President may assign.

The program which the Congress has set forth in section 2 has been resolved, roughly into three parts. First, a study of the law and practice of judicial assistance of the United States and State courts, the recommendation of revisions of the Federal Rules of Civil and Criminal Procedure and the appropriate Federal statutes, and the preparation of a uniform State law for adoption by the several States. Second, a comprehensive study of the law, practice, and policy of international judicial assistance of the courts and foreign offices of foreign countries, and the preparation of materials for the guidance of the bench and bar of the United States in utilizing the pertinent amended United States and State rules and statutes. Third, the reform and improvement of international practices in judicial assistance by appropriate techniques which include the drafting of international procedural agreements for negotiation by the Secretary of State. By these international procedural agreements the "procedures" mentioned in section 2 are to be made "more readily ascertainable, efficient, economical, and expeditious."

Although studies in some areas of domestic law, such as the international judicial assistance available to administrative tribunals and procedure on extradition, remain to be completed, the first part of the Commission's program has been substantially accomplished. The most important parts of the program, parts two and three, remain to be undertaken.

When, in 1959, the Congress failed to appropriate funds to enable the Commission to carry on its work during the period after December 31, 1959, for which the Congress had extended its life, the Commission decided to seek other means of obtaining funds. The time needed to resolve this unusual dilemma meant that the Commission was completely without funds for the first 6 months of the calendar year 1960. Pursuant to the approval of the President, the Commission, late in 1959, sought funds from private sources. In April of 1960, the Carnegie Corp. announced a grant of \$350,000 to Columbia University for a study of international judicial procedure in collaboration with the Commission. The funds were made available in July 1960. The Columbia University Law School established a project on international procedure to carry out a program and administer the grant.

That part of the Commission's statutory program which was suitable for private collaboration was chosen. It was determined to make a study of the law and practice of international judicial assistance of the Federal and State courts, and to draft and recommend revisions of the Federal rules of procedure, the Federal statutes, and State law, as the first step in the "improvements" of existing international practices which Congress set as the ultimate objective in establishing the Commission.

The legislative recommendations which constitute the substantial accomplishment of the first part of the Commission's statutory program are set forth as annexes I, II, and III of the fourth annual report of the Commission (H. Doc. No. 88, 88th Cong., 1st sess.). Unless parts 2 and 3 are also undertaken and completed, the Commission will not have accomplished the purpose for which it was established.

The principal deficiencies and difficulties of international practice lie in the disparate law, practice, and policy of foreign governments, and revisions of the Federal and State rules of procedure and statutes are, alone, insufficient to effect the desired improvements. They must be followed by comparable revisions of foreign law and practice. Only a harmonization of domestic and foreign law and practice will bring maximum improvement to existing international practice. Furthermore, the recommended revisions of the Federal Judicial and Criminal Codes (annexes I to the 4th annual report, and H.R. 9435 which was passed by the House on January 19, 1964) will greatly improve the judicial assistance available in the United States to foreign courts, but will do less to benefit litigants in our own courts. The same is true of the Uniform Interstate and International Procedure Act (annex III to the 4th annual report) which the Commission and the Columbia project recommended to the National Conference of Commissioners on Uniform State Laws and which the Conference and the



American Bar Association have approved. It is now being considered for adoption by the States, and has been adopted by the at least one State.

The amendments to the Federal Rules of Procedure (annex II to the Commission's 4th annual report) will not be of greatest utility to the bench and bar unless the Commission makes a study of and publishes information on the practice and procedure of the principal countries of the world and then takes steps by drafting procedural agreements or otherwise, to induce foreign countries to permit their use in their jurisdictions. For example, civil rule 4(i), which became effective on July 1, 1963, provides five manners of serving process abroad. But the practitioner will not ordinarily know which of these methods may be used in a given country unless the Commission obtains and makes the information available to him. The same is true of rule 28(b) which provides three methods of obtaining testimony abroad. In some foreign countries the use of two of these methods is forbidden or restricted, and the use of the third is, at best, unsatisfactory. Similarly, the revisions of section 1783 and section 1784 of the Judicial Code providing for serving subpoenas in foreign countries and the revision of section 3491 of the Criminal Code providing for proving foreign business records in criminal cases proposed in H.R. 9435, will not be completely useful until information on foreign law and policy is gathered and published and foreign countries modify their law and policy to permit their use.

The Columbia project, as part of its own program, made a study of the law and practice of judicial assistance in civil cases of the countries of Western Europe. It is expected that these studies will be published in book form later in 1964 and should provide substantially all the information on the international practice and procedure in civil litigation of the countries of Western Europe needed by the Commission in the next two phases of its program. The Commission, however, will have to make its own studies of the law and practice in criminal and administrative matters of the countries of Western Europe, and of international judicial assistance in all its branches in the principal countries of all the rest of the world.

During the period of collaboration with the Columbia University Law School project on international procedure, the research and drafting were done, in greater part, in New York City at the University. The Commission maintained in Washington no staff other than its director, one attorney, and one stenographer. The office space occupied by the Commission's staff was small. The Commission had little or no furniture or equipment of its own. It is now necessary for the Commission to employ its own staff in sufficient numbers to carry out its program, and it will require appropriate office space, furniture, and equipment as if it were a new agency.

The Commission will not be able to make satisfactory progress toward the completion of its program as set forth in section 2 of the act of September 2, 1958, in the 3 years of life provided by H.R. 9436, unless sufficient funds are received annually to permit continuous work.

Judging by the 5 years taken by the Columbia project to gather, edit, and publish the information relative to the procedure and practice in civil litigation of the countries of Western Europe, it is estimated that, even with the most ample financing, 3 years, at least, will be necessary to complete the second part of its program, i.e., to obtain, edit, and publish reports on the law and practice of judicial assistance in all its aspects of the principal countries of the rest of the world.

The procedure which will be followed is substantially as follows: For a given country, a jurist, either a professor of procedure, judge, or a practicing lawyer who is an expert proceduralist, will be employed as a consultant to write a report on the law and practice of international judicial assistance of his country. This will be written according to a standard outline which has been used by the Columbia project in gathering information on the law and practice of Western Europe. If written in a foreign language, the report will be translated into English.

On behalf of the Commission the Columbia project has previously prepared for the Pan American Union for the use of the Inter-American Juridical Committee an exhaustive report on U.S. procedure and practice entitled "International Cooperation in Civil Litigation—A Report on Practices and Procedures Prevailing in the United States." This report had been requested by the Pan American Union in compliance with resolutions of the Inter-American Juridical Committee in 1959 and 1960. This same report, with the inclusion of two additional topics, was used by the Columbia project as the basic U.S. report for a Conference on



International Judicial Assistance held in Varese, Italy, in 1961, by the Italian-United States Center of Judicial Studies with the cooperation of the Institute of Judicial Administration of New York University. The promulgation of the revisions of the Federal Rules of Procedure recommended by the Commission, and the enactment of H.R. 9435 amending the Judicial Code and the Criminal Code, will require a complete revision and updating of the report. The report will then be translated into the language of each principal foreign country.

Once the two basic reports are prepared and translated, a conference will be held in the foreign country. The conference will be attended by the principal procedural experts of that country—law teachers, judges, practicing lawyers, and those government officials having charge of judicial assistance matters in the foreign ministry and the ministry of justice of the country. A limited number of procedural experts from the United States will also attend. The conference will discuss all aspects of the juridical relations between the United States and that country and will prepare a statement of principles agreed upon by participants from both countries as necessary to a reconciliation and unification of the two systems of procedure. Should it become evident that the procedural difficulties between the two countries can best be solved by treaty, the conference will agree upon a set of rules, or specific provisions, to be recommended to the respective governments for embodiment in a treaty.

It is not expected that it will be necessary to hold such conferences in every foreign country; nor is it expected that it will be necessary to draft a treaty for each. Countries where we have the most frequent occasions to serve judicial documents, or to obtain evidence, with which our juridical relations are most troubled, or which have manifested the greatest interest in improving them, will be given first attention.

A pattern for this type of conference has already been set by the Varese and Varenna Conferences on International Judicial Assistance held by the Italian-United States Center of Judicial Studies in Italy in 1960 and 1961.

The third and last part of the Commission's program will be as follows: As complete information on the law and practice of a country is received, and especially as a conference is held which results in an agreed statement of rules to be proposed for adoption in a treaty or convention, the Commission will draft such a treaty for the assistance of the Secretary of State. The Commission, with its Advisory Committee and Director, will, upon request, supply technical assistance to the Secretary in the negotiation of the treaties.

It appears probable that, by the end of 5 years, with continuous, adequate financing, the Commission will have collected sufficient information on foreign law, practice, and policy and will have drafted a sufficient number of treaties for representative countries so that a pattern will have been established which will permit the Commission to terminate and the Department of Justice and the Department of State to assume its remaining tasks.

The funds are needed for the following specific purposes :

## FOR THE 2D HALF FISCAL YEAR 1964

	Compensation	Expenses	Total
Compensation:			
Director.....	\$10,000		
Assistant to Director (attorney).....	7,500		
			\$17,500
Expenses:			
Telephone.....		\$94.17	
Taxi and bus fares.....		3.90	
Travel.....		89.65	
Pocket Parts and Supplements, United States Code Annotated.....		76.00	
			263
Total.....			17,763

## FOR FISCAL YEAR 1965

Commission:			
Fees (3 public members, at \$50 per day, 3 meetings).....	\$450		
Travel (5 members).....		\$2,000	
Advisory Committee: Travel expenses (15 members, 2 meetings).....		3,500	
Staff:			
Professional (6)			
Director.....	24,500		
Assistant to Director (attorney).....	18,935		
Area Executive for Europe—Great Britain and Commonwealth countries—6 months at \$18,935.....	9,466		
Area executive for Latin America—6 months at \$18,935.....	9,466		
Area executive for Asia and the Near East—6 months at \$18,935.....	9,466		
Research and editorial attorney—6 months at \$12,075.....	6,038		
Clerical (3) 3 clerks, 6 months, at \$4,480.....	6,720		
Personnel benefits.....		4,300	\$85,041
Travel:			
Domestic.....		1,500	
Foreign.....		5,000	
Contractual services (foreign consultants and translators).....		10,000	
Printing and reproduction.....		5,000	
Furniture and equipment.....		6,000	
Books, periodicals, and looseleaf services.....		3,700	
Communications.....		2,000	
Rent.....		8,800	
Cost of moving.....		300	
Postage fees.....		1,000	
Xerox rental.....		600	
Supplies and miscellaneous.....		1,500	
			55,200
Total.....			140,241
Total, 2d half fiscal year 1964 and fiscal year 1965.....			(158,004) 158,000

*Object classification*

[In thousands of dollars]

	Presently available, 1965	Revised estimate, 1965	Increase
Personnel compensation:			
Positions other than permanent.....		102	102
Total personnel compensation.....		102	102
Personnel benefits.....		4	4
Travel and transportation of persons.....		12	12
Rent, communications, and utilities.....		13	13
Printing and reproduction.....		5	5
Other services.....		10	10
Supplies and materials.....		2	2
Equipment.....		10	10
Total obligations.....		158	158

## SUPPLEMENTAL REQUEST

Senator PASTORE. All right, Mr. Cox, may we have your statement on the request?

Mr. Cox. Gentlemen, we are here on a supplemental. I have with me Mr. Jones who is the Director of the Commission. This is a supplemental request to carry out a law which the President signed on August 30. It covers the fiscal year 1965, and part of the prior period which was administered at a minimum cost and with nobody being paid. The members of the Commission are not paid but receive a per diem whenever there are meetings away from home on work of the Commission.

Senator PASTORE. It strikes me that I have had this one before.

Mr. Cox. You have had it several times before.

Senator PASTORE. We have always had bad luck with it.

Mr. Cox. Except when we came to you and this committee helped us out. This has been almost a constant practice as far as this Commission is concerned. Why, I do not know. But I think it is a necessary work for litigants and citizens of the United States who are involved in foreign litigation either here or abroad, and the work of the Commission that has proceeded at a minimum cost and at a fairly substantial and fruitful production.

I think Mr. Jones has a statement which he could put into the record. He can very briefly summarize it.

Senator PASTORE. Put your statement in the record and you can summarize it.

(The statement referred to follows:)

STATEMENT OF HARRY LEROY JONES, DIRECTOR OF THE COMMISSION ON  
INTERNATIONAL RULES OF JUDICIAL PROCEDURE

I am grateful for this opportunity to explain the Commission's request for an appropriation for the second half of fiscal year 1964 and for fiscal year 1965. We come in on a "supplemental" because the bill extending the life of the Commission beyond December 31, 1963, and renewing its authorization, H.R. 9436, was not passed by the Senate until August 14, 1964. It was signed by the President on August 30, 1964, as Public Law 88-522.

We are here with a new legislative mandate to continue the program of recommending improvements in the international procedures of our State and Federal courts prescribed by Congress in section 2 of Public Law 85-906. Our organic act now contains an open end authorization. We made it clear to the Judiciary Committees of both House and Senate that the extension of the life of the Commission would require substantial appropriations—sufficient to employ a staff of a size and experience adequate to the huge task before it. In a statement to the Judiciary Committee of the House I estimated that between \$200,000 and \$250,000 would be required for each year of the extended life of the Commission.

A copy of an earlier draft of this justification of an appropriation request, in an amount somewhat over \$200,000, was filed with the staff of the Senate Judiciary Committee, and was discussed personally and in some detail with the chairman and the ranking minority member of the Subcommittee on Improvements in Judicial Machinery.

The Senate committee noted in its report (No. 1385) that the bill contained an open end authorization, and recommended that appropriations for the 3-year period not exceed \$500,000—thereby indicating its view that an average of \$200,000 per year might be needed for the extended period.

Our present request for one-half of the 3 years is much less than one-half of the \$500,000. This results from the minimal expenses of the Commission for the first 8 months of this year when it had no funds at all and from the necessary delay which will be encountered in reactivating the office of the Commission and completing employment of the professional staff.



The Commission has substantially completed only the first part of its statutory program. It has drafted and recommended to the Advisory Committee on Civil Rules of the Judicial Conference revisions of rule 4, F.R.C.P. governing service of process in a foreign country, rule 28 governing the obtaining of evidence in a foreign country by deposition or letter rogatory, rule 44 governing proof of foreign public documents, and a new rule 44.1 governing determination of foreign law. The revisions of rules 4 and 28 have been promulgated by the Supreme Court and became effective on July 1, 1963. The others are now being circulated to the bench and bar for comment. All but rule 4 are also incorporated by reference in the Criminal Rules. (Civil Rule 28 by Criminal Rule 5; Civil Rule 44 by Criminal Rule 27; proposed Civil Rule 44.1 by proposed Criminal Rule 26.1.)

The Commission has drafted and recommended to the President a substantial revision of the procedural provisions of international application of the Judicial Code, the Criminal Code, and of Title 22, United States Code. These are embodied in H.R. 9435 which passed the House on January 20, 1964, and was reported favorably without amendment, by the Senate Judiciary Committee on September 15.

The Commission has drafted a Uniform Interstate and International Procedure Act which it recommended to the National Conference of Commissioners on Uniform State Laws. The draft was approved by the conference and by the American Bar Association. It has been adopted by at least one State, Arkansas, and is being studied for adoption by others.

These revisions of the Federal and State statutes may be, perhaps, on balance more beneficial to litigants in foreign courts than to litigants in our own State and Federal courts. However, I should like to point out that a litigant in a foreign court may be an American citizen or an American corporation, or the litigation may otherwise involve U.S. interests. There are now some 2 million U.S. citizens living or stationed on military or civilian duty in foreign countries. During the tourist season there are another 2 million traveling in foreign countries. All these, comprising a number greater than the population of eight of our least populous States, are subject to the jurisdiction of foreign courts, and therefore, stand to benefit by the enactment of H.R. 9435 and the adoption of the Uniform Act by the States.

Because the greatest difficulties and insufficiencies of existing international practice lie in the radical differences between the adversary procedures of our State and Federal courts and the inquisitorial procedures of the courts of civil law and Islamic law countries, improvement in only the domestic law of this country is not sufficient to bring about that improvement in international practice which the Congress has charged the Commission to recommend.

Satisfactory improvement can only be achieved by revising foreign law and policy to permit the utilization in foreign countries of the several techniques in service of process and the obtaining of evidence permitted by the current revisions of domestic law recommended by the Commission. This necessary revision of foreign law can be achieved by treaty, as section 2 of our statute indicates.

Before drafting the international agreements, as directed by Congress, the Commission must make exhaustive studies of the practice, procedure, and policy in international procedural matters of the principal foreign countries. We know exactly how we are going to do this for we have the example of the Columbia Project on International Procedure which initiated studies of the practice and procedure of the Western European countries during the period of its collaboration with our Commission and Advisory Committee in 1960-62.

We propose to make these studies of foreign practice and procedure by employing an expert on procedural law in each country to write a report on the practice and procedure of that country with particular regard to the practice and procedure of the United States. In order to insure that the studies result in a satisfactory integration of the two systems of law, each report must be the cooperative effort of a foreign procedural expert and an American procedural expert. The American expert will serve as editor, and will supervise any translations from the foreign language.

To assist our foreign procedural experts, as well as the bench and bar of foreign countries, to an understanding of American procedure, it is proposed to prepare an exhaustive report on the practice and procedure of our Federal and State courts in international matters. A study prepared by the Columbia Project on International Procedure for the Conference on International Judicial Assistance held by the Italian-United States Center of Judicial Studies in

Varese, Italy, in 1961 is already available. But it is limited to civil litigation, and must be revised to include the recent changes in the Federal rules and statutes to which I have referred. It must also be expanded to include criminal and administrative matters.

The "area executives" listed in our statement of required professional staff will serve as the American experts on the dual teams compiling the reports on foreign practice. The "executive" for Latin America, for example, will select, or participate in the selecting of a procedural expert in each of the 19 countries, and will work with each in a crash program to obtain all the completed reports within the current fiscal year.

We expect to publish these reports. Publication will inform practitioners in our State and Federal courts of the possibility or impossibility of utilizing in these foreign countries the several procedural devices provided by the current revisions of the Federal rules of procedure, and the Federal judicial and criminal codes. If this information is not procured and published by the Commission, the revisions of the Federal rules of procedure, of the Federal judicial code, and of the law of the states will not be completely useful.

It is these reports which will supply the information necessary to the drafting of the international procedural agreements which is the primary purpose for which the Commission was established. The purpose of each agreement will be to assure the maximum utility in that country of all the procedural devices of our State and Federal courts.

At a later stage of our program, which we shall not reach this fiscal year, we hope to stage conferences in some of the more important foreign countries. These will be attended by prominent members of the Bench and bar and law faculties, including those in the ministries of justice and foreign affairs, having to do with international procedure. A limited number of American proceduralists will be invited. The object will be to discuss and agree on a set of principles for coordinating the two systems of procedure. The "area executive" will have the responsibility of organizing these conferences in his area.

Before I refer to the figures for the specific items in our request I should like to say that although the Commission has substantially completed the first part of its program—namely, the revision of our domestic procedures—there remain a few items more which require its attention. The first is the matter of making the international procedures provided by our Federal rules and judicial code available to our specialized courts such as the Tax Court and the Court of Claims and our many and very important administrative tribunals. This necessity was pointed up by a decision on March 29, 1963, of the Ontario Court of Appeals which held that the High Court of Ontario was not authorized to compel the appearance and testimony of persons upon the request of our Securities and Exchange Commission because the Commission was not a tribunal authorized to make the request. Second, we must study and recommend improvements in the procedure of extradition, the necessity for which was indicated by the *Perez Jiménez* case. Third, there are a few Federal rules and statutes which may require some slight revision to accord with the revisions of other rules and statutes already adopted or recommended.

Now, as to the items making up our request for \$158,000, perhaps I should first say a word about the request for the second half of fiscal year 1964. Almost all of the \$17,763 is for compensation of the Director and his assistant who have continued to render full-time services during the period after the termination date of the Commission, after the House had passed H.R. 9436, but while the bill was awaiting action by the Senate, when there were, of course, no funds to pay them. Public Law 88-522 is retroactive to December 31, 1963, the date of expiration of the Commission under previous law.

The number of the professional staff requested for fiscal 1965 is six, exactly the number named in the estimated budget submitted to the Senate Judiciary Committee in 1958 when the bill, H.R. 4642, which became Public Law 85-906, was under consideration.

The item of \$10,000 for contractual services is for compensation for the procedural experts in foreign countries whom we shall employ to make the studies of foreign procedures, for translators, and perhaps for part-time legal and clerical assistance.

As to the item "furniture and equipment" and "books, periodicals, and loose-leaf legal services," the Commission now has no furniture of its own, only one typewriter of its own, and practically no library of its own, except those books and publications which all Government agencies receive free.



Our present office space at 1701 Pennsylvania Avenue is too small to accommodate the proposed staff, and GSA tells us that we shall have to pay rent for larger space. A sum of \$8,800 is estimated for rent.

In sum, the Commission will have to furnish and equip an office, and hire a staff as if it were a new agency.

The Congress has given the Commission a new mandate with a clear understanding that substantial appropriations will be required to carry it out. The Commission was established in the first place by act of Congress rather than by Executive order for the reason that appropriations were necessary. If the program of the Commission had not been misunderstood from its beginning and if the Commission had been adequately financed, it could already have completed its work. Whereas now, after 6 years of financial starvation it must begin the most important part of its program, and will not reach for another year that part for which it was primarily established, the drafting of international agreement.

To place the matter of costs in proper perspective, the case that caused the Department of Justice in 1935 to institute the study of international procedure which led, 20 years later, to the request to Congress to establish this Commission, involved a Government counterclaim of some \$3 million. It was found impossible to obtain the evidence in Holland and Germany necessary to prove the counterclaim, because of the lack of treaties, and it became necessary to dismiss the counterclaim. The Government lost in that one case, I am convinced, two or three times as much as the program of this Commission is going to cost.

May I just say a word about the international good will aspect of the Commission's work. In 1950, the State Department sent notes to all foreign governments advising them of the establishment of the Commission and of its program, inviting their cooperation. Many governments expressed great interest in the Commission, and several designated one of their own officials, or a local institution, to cooperate with the Commission. The Washington Organization of Consular Officers, consisting of representatives of the local embassies, maintains a close interest in the work of the Commission. I have addressed their meetings on the program of the Commission three times, and have been asked to talk to them again on the provisions of H.R. 9435. The president of that organization once said to me: "Your Government can generate as much international good will through the work of your Commission as through its foreign aid program."

Several governments have indicated their desire to conclude procedural agreements with the United States. I am sure that all will wish to do so. Negotiations are now being conducted by the Department of State on a new consular convention with Poland. About a month ago I received a call from the officers in the Department handling the negotiations. I was informed that Poland insisted upon a comprehensive provision covering the execution of letters rogatory in the convention, a provision which was not contained in any other consular convention and which the Department was reluctant to agree to. The Department informed the Polish Government of the existence of the Commission and its program for the drafting of international agreements. The Polish Government will enter into negotiations with us for a general procedural treaty?"

In conclusion, I should like to emphasize again that the part of the Commission's program which it now has to undertake is of greater importance to litigants in American courts than the part already completed. This part of the program is of worldwide scope.

The Commission's task is of huge dimensions and it will need every dollar of the amount requested to get the job underway.

#### AMOUNT REQUESTED

Mr. JONES. May I give the highlights?

Senator PASTORE. Yes.

Mr. JONES. We have had difficulties before as the committee will remember but I think it was due to a misunderstanding. I hope, because we are in here now on a new legislative mandate, the Congress just having extended the life of the Commission for 3 years resulting in Public Law 88-522 which was signed by the President on the 30th of August, that we will have better luck. In the hearing before the



House Judiciary Committee on this extension bill, and to the members of the Senate Judiciary Committee we made it clear that the extension would require around \$200,000 a year in appropriations.

In an estimate to the House committee I stated the cost would be between \$200,000 and \$250,000 per year. Now, I filed in the Senate with the staff of the Senate Judiciary Committee a prior draft of this very justification which is now before the committee. In a conference with the chairman of the Subcommittee on Improvements in Judicial Machinery, and the ranking minority member of that committee, we discussed it personally and in some detail.

As a result, the Senate committee reported a recommendation that appropriations for the 3-year period not exceed \$500,000, which is a pretty clear indication that the Senate Judiciary Committee thought substantial appropriations would be necessary.

Now we are in here asking for a great deal less than one-half of that \$500,000 for approximately half of the 3-year period. That results of course from the delay which will necessarily ensue in reactivating the Office of the Commission and in employing a full staff.

#### WORK OF COMMISSION

I believe that I can best advise the committee as to the future work of the Commission by stating what we have done in the past. We have substantially completed only the first part of our statutory program. We have drafted and submitted to the Advisory Committee on Civil Rules of the Judicial Conference revisions of Federal Civil Rules 4 and 28 which have been promulgated by the Supreme Court and became effective last July 1. There are additional rules, revision of Civil Rule 44 and proposed Civil Rule 44.1, and Criminal Rule 26.1, which are now being circulated by the Committee on Rules of Practice and Procedure of the Judicial Conference.

We have drafted revisions of the international procedural provisions of the Judicial Code and of the Criminal Code. They are now embodied in a bill before the Senate which is H.R. 9435, which was reported out favorably by the Judiciary Committee on September 15. We have also drafted a Uniform Interstate and International Procedure Act which was approved by the National Conference of Commissioners on Uniform State Laws, by the American Bar Association, and has been adopted by at least one State, Arkansas, and is being considered for adoption in others. These revisions of domestic law will perhaps benefit litigants in foreign courts, on balance, more than they will benefit litigants in U.S. courts. But we must remember that in the height of the tourist season, there are at least some 4 million American citizens abroad, some 2 million of these being Americans living or stationed abroad. All of these Americans are subject to the jurisdiction of foreign courts. That number is equal to or exceeds the population of the eight least populous of our States.

Improvement in our domestic law is not sufficient to bring about that improvement in international procedures with which the Congress has charged the Commission, because the deficiencies of practice result from the disparity of civil law procedures and common law procedures. In other words, we must bring about revisions of the foreign law in order to make most useful in foreign countries the particular procedural devices that we have now embodied in our domestic law as a result of the Commission's work.

## INFORMATION ON PROCEDURAL TREATIES

The second part of our program will be aimed at collecting sufficient information on the practice and procedure in international matters of these foreign countries which will enable the Commission eventually to draft procedural treaties. This is the primary purpose for which the Commission was established in the first place.

Now we propose to make these studies of procedure in the foreign countries by employing a procedural expert to make a report for the Commission. We have as an example of that the method used by the Columbia Project on International Procedure when, during the period of its collaboration with the Commission, they made a study of the practice and procedure of some 12 Western European countries. The so-called area executives listed in our request for professional personnel will be the American procedural experts to work with these foreign procedural experts. The Columbia project, in collaboration with the Commission, developed a standard type of outline used for these procedural reports. We shall follow that same system. We expect eventually to publish these reports. The publication will give to the American bench and bar the necessary information so they can utilize the procedural devices embodied in the revisions of the Federal Rules of Civil and Criminal Procedure and of the Judicial Code. But primarily it will give the Commission the necessary information on which to draft procedural agreements which, as I said, is the primary purpose for which this Commission was established.

We shall, in a later stage of our work, which we shall not reach this fiscal year unfortunately, stage conferences on international procedure in the important countries in the world.

## CONFERENCE IN ITALY

We have a pattern for that in a conference staged in Italy in 1961 by the United States-Italian Center of Judicial Studies. That was under the aegis of New York University's Institute of Judicial Administration. The Columbia project and the Commission during this period of collaboration produced an exhaustive study of practice and procedure in our Federal and State courts. We shall have to revise that to accord with the amendments resulting from the Commission's recommendations in order to make it available to the procedural experts that we are going to employ in foreign countries. This will inform them of the U.S. procedure so that their study will be a co-ordination of their foreign practice and procedure and U.S. procedure.

Senator PASTORE. How does this become beneficial? Now, I am a lawyer and I can see where this will be a tremendous help to lawyers, to judges, and to the courts. But how does the individual American benefit from this?

Mr. JONES. The individual American may be a party, defendant or plaintiff, in a U.S. court, in a court of the States or Federal court where it is necessary to serve process in a foreign country.

Our revision of civil rule 4 provides five methods of serving process in a foreign country, but in many countries one or more of those methods is not permitted.

As far as obtaining evidence, there are three methods provided by rule 28 (b), by deposition (by commission or on notice) and by letter

rogatory, but in certain countries you can only use letters rogatory. In others you may use depositions. All of this information which we gather will inform the bench and bar which method may be used. But, above all, it will enable us to draft these procedural treaties so that we can get agreements with these foreign countries to permit the maximum use and utilization of these procedural devices which are now being written into our own law. If we don't get that our work will not have been completed and the improvements will by no means be perfect.

#### QUESTION OF APPROPRIATION

Senator PASTORE. The thing that disturbs me in all this—I have always been very sympathetic toward this as you gentlemen well know—we have had a hard job trying to sell this to Congress. One of the paradoxical things that appears here today is the fact that this has been extended for 3 years by legislative fiat. We extend the law, we recognize the validity of the law, but when it comes to implementing it with money we run up against a stone wall. That has always been our question. Everybody understands and is willing to have it until such time as we have to appropriate the money to support it. Then we run into trouble.

Now my question is, No. 1, I think it is always a big mistake to bring this up in a supplemental bill, but you had no alternative because we just passed the law and the independent offices bill has already been approved by the Congress, and there is nothing much you can do about that.

It strikes me why this is not put under some court appropriation rather than leaving it loosely here as an independent commission under the independent offices bill. If this has to do with our courts and is an important thing in the juridical procedure of the country, then why should it not be under some court appropriation rather than be left dangling here as an independent commission and running into all this trouble?

Mr. JONES. Mr. Chairman, that was thoroughly discussed in the House Judiciary Committee on H.R. 5061 in the 84th Congress, and in the Senate Judiciary Committee on H.R. 4642 in the 85th Congress when the Commission was established. The idea was that—Well, the State Department did not want it in the first place. They have no litigation or procedural expertise. The Department of Justice did not want to do the job alone because they thought the interest of the United States as litigant did not extend far enough to represent the bench and bar and State interests as a whole. They wanted the drafts of rules and statutes and treaties to be made democratically. They chose as models the American Law Institute and the various advisory committees of the Supreme Court which were set up to draft the civil and the criminal rules, and so forth. That was the reason.

Now as to the prior misunderstanding, you may remember that it resulted from certain statements made on the floor of the House in 1958.

#### HOUSE HEARINGS REQUESTED

The House Judiciary Committee staff has recently requisitioned from the Archives a transcript of the hearings before the 84th Congress when H.R. 5061 was considered by the House Judiciary Committee. I



can state to this committee that there is no reason appearing on the face of those transcripts for any statement that this Commission was not going to cost any more than \$5,000. It was just an erroneous conception.

Perhaps we did not make the program distinct and clear, but I think now with what we have accomplished by the revisions of the Federal rules and revisions of the Federal statutes as contained in H.R. 9435, that it ought to be clear.

Mr. Cox. I think, getting back to your two practical questions, one is that business and the relationships between the United States and other countries has increased; I mean, for example, the business of the United States with Italy as a particular illustration is indicative of the whole trend where there are many businesses and many other individuals who are doing business there so that if there is any litigation involved the interest of the litigant, quite aside from the interest of the bar or the lawyer is the predominant question. I mean if you have a dispute as disputes sometimes arise and you want to bring suit, how do you bring it?

Senator PASTORE. Why is that not the responsibility of the litigant through his lawyer to go there and find out like anything else? For instance, if I want to sue somebody in California, I can't go to any taxpayers' commission and say, "Look, how do I do this?" I go engage a lawyer and then you get your counterpart in California and you look up the law and you decide how to do it. That is the size of it. I mean you don't get taxpayers' money to help you do it. That is the question I raise. That is why we always run up against a stone wall. Your answer to me would be, "Well, that goes right to the substance of the act itself, and it was extended by Congress."

#### QUESTION OF JURISDICTION

Mr. Cox. No, it goes beyond the substance. I think primarily the responsibility ought to be on the litigant to pick his counterpart lawyer in Italy advising him how under our law he can serve process so as to give our courts jurisdiction, but some of those ways are not permitted in Italy. Now, they can be changed either by local law changes or by a procedural treaty. What we are trying to work out, which is of interest to both sides—

Senator PASTORE. Is to unify it.

Mr. Cox. Some reciprocal unified method where you have some standard procedure and the lawyer in Italy can advise the fellow that the same procedures apply there that apply here.

Senator PASTORE. I still do not see why that is not the concern of the State Department.

Mr. Cox. That is the second question. It is either the concern of the State Department or the Department of Justice or the courts. The fact is that nobody has taken the bit so far. We hope to push it back to them as soon as we can get enough work done so that they will take it.

Senator PASTORE. Except that there is a certain staff expense to keep this thing going that has to be met.

Mr. Cox. That is right.

Senator PASTORE. This is what this is all about.

Mr. Cox. That is right.

#### FUNDS FOR STAFF

Senator PASTORE. \$158,000 is for staff?

Mr. Cox. That is right. For the staff and expenses.

Mr. JONES. Mr. Chairman, may I make one more point.

The reason that this Commission was set up by legislation instead of by Executive order was that it required appropriations. In the initial discussion between Justice and State it was proposed to do it by Executive order, and it was brought to our attention:

You can't get any money by Executive order, you have to go down to Congress and get an authorization.

It is ironical that the reason we came to Congress was to get an authorization, yet the Commission has not received the necessary appropriations.

#### ACCOMPLISHMENTS

Senator PASTORE. Now tell me what is it really that you have accomplished thus far?

Mr. JONES. We have accomplished——

Senator PASTORE. I would like to have you put in the record what you have accomplished thus far that is good in this relationship of reciprocity that we are talking about. Get the record complete on that because we have had a hard job. You gentlemen know that. You have been here a half dozen times before me. I repeat again it has not been easy to convince the Members of the House on this. Someone has a notion that all this is going to cost us \$5,000. I don't know where they ever got that notion because this is a monumental task. If someone is going to correlate all this research, it will certainly cost more than \$5,000. Five thousand dollars would not be enough for postage.

#### AMERICAN BAR ASSOCIATION

### STATEMENT OF BENJAMIN BUSCH

#### WORK OF COMMISSION

Mr. BUSCH. For the record, my name is Benjamin Busch, B-u-s-c-h. I am a practicing attorney. I am authorized by the American Bar Association to testify as chairman of its committee on international judicial cooperation, and as chairman of its committee on comparative practice and procedure. We heartily support the work of the Commission. I just want to make three statements to expand on what has been said and to answer some questions.

No. 1, the good the Commission has done is not only to the bench and to the bar but directly to the citizens, the community. It is the dispensation of justice adequately and promptly. There is an increase in bills amending the laws of States permitting the service of process abroad for torts committed within the State or contracts breached within the State. As a practicing attorney I can state it is difficult to serve this process in countries like Germany or Switzerland or other civil code countries where the attorneys do not understand that under our law they themselves may serve process.

## NEED FOR UNIFIED LAWS

By attorneys. I mean the attorneys in the foreign jurisdiction. There is a misunderstanding in some countries, a reluctance in others. But what it needs in order to serve the entire United States and the litigants, the citizens of our community, is to unify laws.

Senator PASTORE. Unify laws within the framework of the United States?

Mr. BUSCH. In the United States as well as within the framework of the civil code countries. This can be done. The difference is not great. It requires understanding. It requires treaties. It requires an exploration of views. This is necessary. This will not only promote amity between nations but will promote the dispensation of justice to litigants within our own community. It serves us directly as citizens of the United States.

I would like to answer something which has been a misapprehension. There is no committee of the American Bar Association, and no members of a committee of the American Bar Association which can adequately or even partially attempt to do the work of this Commission. It has been stated that they can, but it is not true.

This is a work of vast proportion. Now Mr. Jones has pointed to admirable projects which have been done by Columbia and other universities. I am familiar with these projects. I have read these, I have studied them. I have perhaps to some extent contributed. I will say that this does not answer the need. Much has to be done. A great deal has to be done. It is only a commission of the type that Mr. Jones is directing that can do this work. Therefore, to say that the job can be done by the American Bar Association is not true. As a practicing attorney in local bar associations I can say that in the city of New York I know of no local bar association which has attempted or can attempt adequately to do this work of the Commission.

Lastly, I would say that regardless of any report that Mr. Jones files showing the record of what he has gone that is good—and everything he has done has been good—the most important work still to be done is in the coming phase, the future work to be done. If appropriations are not granted to enable Mr. Jones and his Commission to do it, the citizens of the United States will be crippled, justice will not be done, and it is to the benefit of our citizens that justice shall be done. Judicial reform requires it. This Commission must be given the tools to continue this good work.

(Following is a letter submitted by Mr. Busch to the chairman of the Appropriations Committee, dated August 31, 1964.)

(The letter referred to follows:)

KATZ & SOMMERICH,  
New York, N.Y., August 31, 1964.

HON. CARL HAYDEN,  
Chairman, Senate Committee on Appropriations,  
Washington, D.C.

DEAR SIR: The undersigned is a member of the executive council of the Section of International and Comparative Law of the American Bar Association and chairman of its Committee on International Judicial Cooperation.

This letter is written to request your earnest consideration and recommendation of approval of the appropriation by the Congress of adequate funds for the effective operation of the Commission on International Rules of Judicial Procedure and its Advisory Committee, the extension of whose tenure has already been approved by both the Senate and the House of Representatives.



By reason of the studies made by our section of the American Bar Association and as a result of the everyday experience of lawyers in matters of private international law, I can attest to the splendid work done to date by the Commission, and I can also attest to the prejudice and injury to the bar and to the community at large if this Commission cannot fully accomplish its important work because of the failure of financial support by the Congress.

I would appreciate an opportunity to appear before your committee, in the event that any hearings are held, to testify in support of the need for appropriations and adequate funds for the continued necessary work of the said Commission and its Advisory Committee.

Respectfully yours,

BENJAMIN BUSCH.

STATEMENT OF SENATOR PASTORE

Senator PASTORE. The only thing I can say to you, sir, you have made a very strong plea, there is no question at all about this but this section of the Congress has always been rather receptive to what you are trying to accomplish. This originates here. It is too bad these strong pleas that are being made are not being made on the other side of the Capitol because that is where it is being misunderstood. I don't say they are deliberately trying to misunderstand it; but there has been something negative about the whole objective of this, that is in the minds of some. I hope you gentlemen would make a strong plea on the other side.

NEED FOR TREATY OF RECIPROCITY

STATEMENT OF GEORGE ERIC ROSDEN, ATTORNEY

GENERAL STATEMENT

Mr. ROSDEN. May I be permitted to make a short statement.

I am a practicing attorney in the District of Columbia. I am George Eric Rosden. I handle international cases almost exclusively. I have just finished a 6-week trial in New York where the Department of Justice was on my side as a party. We had need of foreign witnesses, in Germany particularly. We could not get these witnesses because since we have no treaty with Germany as to the use of German process there was no possibility of subpoenaing these witnesses under the German law and procedure. This can only be brought about by a treaty that assures the Germans, and the other countries, of reciprocity. Only then are we able to get witnesses heard abroad that we American citizens need in this country in order to get our suits settled equitably and properly. The difficulties are that we just can't get subpoenas abroad, we cannot subpoena them unless there are treaties and the treaties are the thing that this Commission is supposed to bring about, at least to prepare. This is one of the difficulties that we have.

The other difficulty is that in civil law countries we do not get word for word what the witness says. We get a summation made by the judge of what the witness has said. You can imagine what we can do with that in our courts if ever we do get it. This is another purpose that this Commission serves. In my opinion in order to be able to do justice in any case in this country where we do need foreign witnesses this work is absolutely indispensable because we are behind the eight ball.

## EXAMPLE OF PROBLEM

Mr. JONES. Mr. Chairman, may I just make one further statement?

In the Department of Justice in 1935 I had charge of the case which led to the study made in this field and led eventually 20 years later to the application to Congress to set up this Commission. That case was a case in the local, then called Supreme Court of the District of Columbia involving a Government counterclaim for \$3 million. We had unwilling witnesses in the Netherlands and in Germany. We were unable to get testimony out of either the Netherlands or Germany to support that counterclaim and we had to dismiss it. Now, I am convinced that the Government lost from two to three times as much in that case as the entire program of this Commission is going to cost.

I would like to say one other thing about the international good will aspect of our program.

There is in Washington an organization of consular officers who are the consular representatives of the various embassies. They have asked me to address them at their meetings on the work of the Commission three different times.

I now have an invitation to address them on the provisions of H.R. 9435.

Senator PASTORE. With whom do you deal abroad? Do you have a counterpart?

Mr. JONES. We don't have any right now. In 1959 as we were getting our program underway, the Department of State sent notes to all foreign governments advising them of the existence of the Commission and of its program and inviting their collaboration. Many of these governments answered expressing great interest in the work of the Commission and designated either a government officer or a local institution—

Senator PASTORE. Is it possible for you to spread that on the record?

Mr. JONES. Yes, indeed.

Senator PASTORE. I would appreciate that.

Mr. JONES. That is contained in my statement which I shall file.

## WILLINGNESS OF FOREIGN GOVERNMENTS TO ENTER INTO PROCEDURAL AGREEMENTS

Senator PASTORE. It shows their willingness to cooperate in this?

Mr. JONES. Yes. Many of these governments indicated a desire to enter into a procedural agreement with the United States. We have not been able to do anything for lack of funds in the ensuing 6 years.

About a month ago the Department of State called me—the officer in charge of the consular convention negotiations—and said: "We are now negotiating with Poland and Poland insists upon incorporating in this convention a provision relating to the execution of letters rogatory. We don't want to do it because we don't have that in any other consular convention and we think that is a matter that the Commission should take care of. They advised the Government of Poland of the Commission's program and stated that just as soon as the Commission is actively functioning again it would pay attention to it. The Government of Poland replied: "Can we take that as a promise that you will enter into negotiations looking toward a procedural treaty with us?" There is tremendous interest abroad in

this. They cannot understand why after the Commission has been in existence for 6 years we don't get in touch with them and proceed.

Senator BIBLE. Mr. Chairman, might I just ask Mr. Jones how long in your best judgment will it take the Commission to complete its labors, complete them lock, stock, and barrel?

Mr. JONES. In making our presentations to the House Judiciary Committee on what became H.R. 9436 we stated that we could complete the job in 5 years with adequate financing and continual financing.

Senator BIBLE. Let us be responsive to the question. From here forward how long is it going to take you to finish your work?

Mr. JONES. From here forward it will take 5 years.

#### FEDERAL FUNDS INVOLVED

Senator BIBLE. Will this be at a level of Federal expenditure of what amount? You are asking for \$140,000 for fiscal 1965.

Mr. JONES. It will average probably \$200,000 a year if we do the job within 5 years.

Senator BIBLE. This is about a 5-year project and will cost a total of about a million dollars?

Mr. JONES. Approximately.

Senator BIBLE. I am not binding you to a figure. I heard Mr. Busch say this was a vast project. I was interested in knowing how vast a project it was. No. 1, how many years will it take and what will it cost. You say 5 more years at a cost of a million dollars.

Mr. JONES. If we do the job completely to the point where we can turn it over to the Department of State and Department of Justice so that they can carry on from there. Don't misunderstand me, this job cannot be done completely in 5 years, it cannot be done in 25. It is a continuing process as new countries come into existence. But we can develop a sufficient number of bilateral treaties to turn over to the Department of State so as to set a pattern which will enable the Government departments to carry on.

Senator PASTORE. Thank you, gentlemen.

The committee will recess until 2 o'clock.

(Whereupon, at 12:30 p.m., Tuesday, September 22, 1964, the committee was recessed, to be reconvened at 2 p.m. the same day.)



(AFTERNOON SESSION, 2 P.M., TUESDAY, SEPTEMBER 22, 1964)

ECONOMIC OPPORTUNITY ACT OF 1964

STATEMENT OF HON. SARGENT SHRIVER, DIRECTOR OF THE OFFICE  
OF ECONOMIC OPPORTUNITY

LETTER TO THE CHAIRMAN

Senator PASTORE. The next item for consideration is the request of the Honorable Sargent Shriver, Director of the Office of Economic Opportunity, for the amendment of the supplemental appropriation bill for 1965, as reported by the House committee.

At this point, there will be placed in the record the letter of September 18, addressed to Senator Hayden, chairman of the Committee on Appropriations, requesting the restoration of the proposed reduction of \$197.5 million and the deletion of the limitation which would establish a 4,000-Federal-position ceiling.

(The letter referred to follows:)

THE WHITE HOUSE,  
Washington, September 18, 1964.

HON. CARL HAYDEN,  
*Chairman, Committee on Appropriations,  
U.S. Senate, Washington, D.C.*

DEAR SENATOR HAYDEN: As the Senate Appropriations Committee considers the appropriations for the Economic Opportunity Act, I want to make sure that you are aware of the public enthusiasm Americans are exhibiting for the antipoverty program.

More than 125 larger cities have already requested community action program grants. More than 50 of these cities have sent delegations to Washington at their own initiative and expense to be briefed on the antipoverty program. Literally hundreds of rural counties and villages, and 16 Indian reservations have asked for information and are already planning projects. And 25 Governors have requested briefings for themselves and their key staff members.

Despite virtually no publicity, requests for 1,500 volunteers are already on hand and more than 5,000 Americans have applied for teacher or counselor jobs in Job Corps camps. Across the country Governors, mayors, city councilmen, chambers of commerce, and local citizens' organizations by the score have written to request the location of a Job Corps camp or training center nearby.

In short, States, cities, and towns have responded with tremendous enthusiasm to the antipoverty program.

The House Appropriations Committee has recommended a cut of \$197,500,000 from our appropriations request and urged us to plan first-year programs carefully so as to minimize mistakes. I completely agree that during this critical first year we must plan carefully and design our programs with success uppermost in our minds. This has dominated the intensive work that has been carried on during the last 6 months since the President formed the task force. Although part of the fiscal year has passed, I am still convinced that we can effectively use every dollar of our original request and urge you to restore that cut. You have my assurance that, should we not be able to use the full amount appropriated effectively, the balance will be returned to the Treasury, just as I have twice returned part of the funds appropriated for the Peace Corps. And I should point out that our expenditures were always calculated to begin September 1, not July 1.

I am particularly concerned at the manpower reduction of 518 positions which has been recommended by the House Appropriations Committee. At first glance it may seem logical to reduce personnel in proportion to the money reduction. However, this program is based on local efforts carried out by local people who never will appear on Federal payrolls. The need for careful review of these local programs, for careful planning, and for prudent execution is not, in fact, proportional to the dollar size of the program. A personnel reduction of this magnitude may well mean that we will have difficulty supervising the administration of these programs in the way that I know Congress would want.

I, therefore, urge you to remove this personnel limitation, and again I assure you that only that number of persons actually needed to carry out the program will, in fact, be hired.

Sincerely,

SARGENT SHRIVER,  
*Special Assistant to the President.*

#### SENATE CONFIRMATION OF DIRECTOR

Senator SALTONSTALL. Mr. Chairman, may I ask a question?

Unfortunately, I was not able to go over to the floor this morning. Did the Senate confirm this gentleman who is before us?

Senator PASTORE. I would suppose so.

Senator SALTONSTALL. So we are talking to an authentic appointee?

Mr. SHRIVER. That is right.

Senator PASTORE. All right, Mr. Shriver, you have a statement here. I think you had better read it.

#### PREPARED STATEMENT

Mr. SHRIVER. Thank you, Mr. Chairman and members of the committee.

I am glad to appear here in behalf of our original appropriation request for the economic opportunity program of \$947.5 million. As you just remarked, the House Appropriations Committee has recommended a cut of \$197.5 million in that appropriation request. If that suggested reduction becomes a final figure we have made estimates as to what this will mean to the program. Specifically, we estimate that at least 70,000 out of the 400,000 young men and women who could get extra training and education, which they need to help themselves get better jobs, would not be able to get that training or education if this cut were permitted to stand.

At least 50 communities which have already done all the planning and budgeting to carry out their own local poverty programs would not be able to proceed. At least 30,000 heads of families now living on public assistance who anxiously want a job, or the education and training they need to get a job, would not be able to get one.

(Mr. Shriver's prepared statement follows:)

#### STATEMENT OF SARGENT SHRIVER, SPECIAL ASSISTANT TO THE PRESIDENT

Mr. Chairman and members of the committee, I am glad to appear before you today in support of our original appropriation request for the poverty program of \$947.5 million.

As you know, the House Appropriations Committee has recommended a cut of \$197,500,000 in this appropriation. If Congress upholds this cut, we will have to say "No" to:

At least 70,000 of the 400,000 young men and women who could get extra training and education they need to help themselves get a better job under title I;

At least 50 communities which will have already done all the planning and budgeting to carry out local poverty programs;

At least 30,000 heads of families now living on public assistance who anxiously want a job or the education and training they need to get a job. We have the manpower, we have the organizations, we have the plans and specific projects to open up new opportunities for all these people this year, but if Congress cuts the appropriation we will have to slam the door on them.

Last February we planned on getting this program underway September 1. But at that time we had no idea that the American people would respond so eagerly to our economic opportunity program. Here are some facts which will let you gauge this response:

1. More than 10,000 teachers and counselors have inquired about working in Job Corps education and training centers.
2. States and cities have already requested 1,500 VISTA volunteers, despite virtually no publicity on this program.
3. We have had more than 100 spontaneous requests for Job Corps centers from Governors, mayors, city councils, chambers of commerce, local businesses, and citizens' organizations.
4. More than 125 cities and towns have already submitted community action requests. In addition, literally hundreds of rural counties and villages and 16 Indian reservations are at work today developing community action programs.
5. Fifteen specific contract proposals for Job Corps centers have been received from States, universities, and private businesses. These applications alone would put 15,000 enrollees in training by the end of the fiscal year.

These facts show that the American people want this program now. This program to provide opportunities has struck a resonant chord in the hearts of Americans today. And they are willing to go out and work to overcome poverty problems which 6 to 8 months ago they might not actually have been aware of. The big danger—the risk—in cutting the appropriation this year is that this spontaneous enthusiasm will be dampened.

Suppose the Job Corps is cut \$40 million. This means that 8,000 boys and girls will continue to stand on street corners for another year. This means they will have to wait another year to get a chance to become gainfully employed, self-respecting Americans. We have the capacity, the people, and the organization and the will to give these 8,000 young men and women a new opportunity this year—unless Congress makes us say "No."

Suppose the work-training and work-study programs are cut 20 percent. This means that this year more than 60,000 young men and women would have to drop out of high school or college because they couldn't get a part-time job, or that those who have already dropped out will stand with idle hands instead of being employed and trained on jobs needed right in their own communities. The colleges, the communities, the Department of Labor, and the Office of Education are all ready to give these 60,000 people a job this year—unless Congress makes us say "No."

Supposing Congress cuts the community action program \$60 million. This means that about 50 cities and towns which have the plans today to attack poverty through local efforts and local organizations will have to postpone action until next year. These cities and towns are ready to move now—unless Congress makes us say "No."

Suppose the work-experience program is cut \$30 million. This means that more than 45,000 heads of families now living on public assistance will not get a chance to get a job or to get the education and training they need in order to become self-supporting and raise a family of good citizens. We can move this year to help these 45,000 families get off the relief rolls and become taxpayers—unless Congress makes us say "No."

In short, the States are ready, the cities are ready, the towns and villages are ready, the Federal Government is ready, and Americans are ready. All are ready to go to work now to implement the program which Congress has authorized. I hope that Congress will also be ready to make good on its promises to the poor people of the United States when it authorized \$947,500,000 just 5 weeks ago, and strenuously urge you to recommend our full appropriation request.

Also, I invite your attention to the limitation on numbers of permanent employees which the House has inserted in the bill. This is a new approach to congressional control of the executive agencies. This limitation serves to remove any administrative flexibility. This is a new program, and I intend to manage it in an efficient manner. But we are concerned that a limitation in the appropriation act might jeopardize some part of this program.



Remember, we have no experience in administering the details of the program, and it is possible that our very conservative estimates of the staff needed may be inadequate.

If the Congress wishes to limit the number of employees, it could be done by an expression in your report, as is usually done, so that it is possible to make adjustments, if required. You have my assurance that if some of the people included in our estimates are not needed, they will not be hired.

#### START OF PROGRAM

Senator PASTORE. I think you are familiar with the language in the report of the House committee. I think the argument they make is that it was anticipated that this program would be started on September 1.

Of course the likelihood is that it will start sometime after October 1 if we are lucky enough to get rid of the legislation that is now pending on the floor of the Senate and come around to this supplemental appropriation bill.

Now are you taking that into account when you say here that at least 70,000 of the 400,000 men and women who could get extra training and education would be out of luck?

Mr. SHRIVER. Yes, we are.

Senator PASTORE. Explain that. I would like to get a rebuttal to this House report. I think they have rationally and very fairly and logically reached a conclusion that inasmuch as these estimates were predicated on the program beginning September 1, now there is no likelihood it would be then, it will be a much later date, they have made a proportionate cut saying you could not use the money unless you did it under pressure.

#### HOUSE LANGUAGE

Senator SALTONSTALL. Would the chairman be willing to put in the exact language of the House report?

Senator PASTORE. At this point?

All right. Without objection we will insert the language of the House.

(The language referred to follows:)

#### EXECUTIVE OFFICE OF THE PRESIDENT

##### OFFICE OF ECONOMIC OPPORTUNITY

##### ECONOMIC OPPORTUNITY PROGRAM

The bill includes \$750,000,000, a reduction of \$197,500,000 from the request for \$947,500,000.

The Committee recommends language in the bill which will have the effect of making not to exceed \$8,800,000, of the total amount appropriated, available to indemnify dairy farmers whose milk has been removed from commercial markets as a result of their use of chemicals approved by the Federal Government at the time of their use, and used in accordance with procedures prescribed by the Federal Government. Such funds as may be required for this purpose will be transferred to the Secretary of Agriculture who, under the provisions of the basic legislation, is charged with administering this program.

Several factors indicate to the Committee that the full amount requested could not be utilized in fiscal year 1965 without undue haste and pressure which would endanger the success of the program. For instance, we are now past the middle of September, and it is obvious that when this program was planned it was expected that it would be implemented much earlier than is now going to be the fact. As a specific example, when Dr. Alden was questioned last April,

by the Committee on Education and Labor, regarding the number of enrollees that could be expected in the Job Corps, he stated, "If the bill is passed by June we feel that we could plan to enroll in the first year around 40,000 young people." (Page 1514 of the hearings on the Economic Opportunity Act of 1964 held by the Committee on Education and Labor.) The testimony before the Committee on Appropriations on August 14, 1964, was still that the plan is to enroll around 40,000 young people.

Another factor which the Committee took into consideration is that it is going to take a considerable time to recruit all the staff necessary to carry out this program if only qualified persons are hired. Qualified personnel will be essential to the success of the program. The justifications presented to the Committee indicated that 4,518 Federal employees would be necessary (the committee has only allowed 4,000). In addition, thousands of non-Federal employees will be required to conduct those parts of the program that will be carried out by state and local governments, schools, etc. The justifications submitted to the Committee by the Office of Economic Opportunity state, "There is an extreme shortage of qualified personnel to operate both Federal and local programs of the Economic Opportunity Act".

The Committee wants everything possible done to insure careful planning and initiation of the program and thus, in turn, insure an efficient program and a minimum of mistakes. The Committee is of the opinion that the amount recommended in the bill will provide for a good program.

#### COMMENTS ON HOUSE LANGUAGE

Senator SALTONSTALL. The House language is in part :

Several factors indicate to the committee that the full amount requested could not be utilized in fiscal year 1965 without undue haste and pressure which would endanger the success of the program. For instance, we are now past the middle of September, and it is obvious that when this program was planned it was expected that it would be implemented much earlier than is now going to be the fact.

Those are the exact words which the chairman has asked you to comment on.

Mr. SHRIVER. First of all, I would like to comment on the phrase "much earlier," which you just read. Some of the Members of the House have consistently labored under the impression that our figures were based on a July 1-June 30 regular fiscal year even though, as you just pointed out, Mr. Chairman, we have repeatedly stated that it was only on a September 1 inauguration of the program because we never thought we would get the legislation through in time to start July 1. So when they say "much earlier," I think a substantial number of people over there are thinking about July 1 to June 30, in other words a 12-month figure. I am certain of that, as a matter of fact.

It, of course, depends on when the Senate and the House finish their action but let us say the program were to start on the first of October. We would then be losing 1 month out of the year. As compared to that loss we have the fact that we have had a much greater demand for these moneys and services than we have anticipated—at least greater than ever I anticipated would take place before we got the program underway. That is the reason why on the second page of this statement I have tried to detail some of the things which have happened which enable you to make up your mind about the need for this.

#### WORK WITH TASK FORCE

For example, we have had over a hundred cities—as a matter of fact, the figure is up around 120 to 130 cities—come in and work with the task force and then go back to their own local cities to develop plans for combating poverty in their own localities.

Senator PASTORE. And when the budget estimate was submitted to the Congress what was anticipated that the number of the cities would be at that time?

Mr. SHRIVER. Well, we thought if in the first whole year of operation we could get up to something like this figure it would be an extraordinary accomplishment but here we are up to this figure and we have not even started. So, we have a much greater backlog of demand already in existence than we ever thought we would have at the beginning of the program. We thought we would possibly have to send people out like technical assistance experts to help communities devise their poverty programs. That is actually provided for in the legislation.

#### FUNDS ALLOCATION

On the contrary, rather than having to do that we have been having to keep people from pouring into the office all day long and talking about the programs. That is one part of it, that is the community action program under which \$315 million has been authorized. There is no question in my mind we could spend \$315 million intelligently, fruitfully in support of community action programs, we could allocate this within 6 months, not within 12 months or even within the remaining time.

Other programs have also demonstrated great pulling power.

Senator PASTORE. When you allocate this money must it all be spent within fiscal 1965?

Mr. SHRIVER. No.

Senator PASTORE. In other words, your problem is just to allocate it?

Mr. SHRIVER. That is correct.

Senator PASTORE. Whatever you allocate it is encumbent upon you to use it wisely and prudently even if they have to go beyond June 30, 1965?

Mr. SHRIVER. Yes; it is more likely a large proportion of it will go beyond June 30, 1965.

Senator PASTORE. The problem is not using up the money before June 30, 1965. The problem is to allocate the money.

Mr. SHRIVER. Yes, sir.

Senator PASTORE. You can do that?

#### EXTENT OF DEMAND

Mr. SHRIVER. There is no question about it. The awful truth is that the problem is going to be to try to allocate the money in such a way that we don't say "No" to more people than we would like to say "No" to. There is much more demand than we have money for.

Senator PASTORE. Coming back here to the figure of 70,000 of the 400,000, are you actually saying that even if this supplemental appropriation bill were passed by the middle of October you could still accommodate the 400,000?

#### PARTICIPATING AGENCIES

Mr. SHRIVER. Yes, sir; I think that is true. Why? That particular program is carried on not just by us under part A of title Ia; but under part B, the Department of Labor is going to run a substantial



part of that and under title Ic, HEW is going to run a substantial part of the contracting with colleges and universities of the United States as administrative agencies to make the job payments to college students.

That apparatus exists now. We do not have to wait for the program to get tooled up. New employees, for example, need not be hired. They are already on the payroll. Many of those programs have already been, you might say, etched out in a preliminary way so that the Departments of Labor and Health, Education, and Welfare are ready to go ahead.

#### UNIVERSITIES AND COLLEGES DESIRING TO PARTICIPATE

For example, we now have something like 200 universities and colleges which have written directly to us already asking to be able to participate in this work-study program. As I said a minute ago, we have not made any publicity about these programs. This is demand, you might say, for this money that I think can genuinely be described as spontaneous.

Senator PASTORE. Is the ceiling 400,000 young people?

Mr. SHRIVER. That is what we estimated originally when we came to Congress as the total number of young people we could reach with the total amount of money we are asking for under title I.

Senator PASTORE. It stands to reason if you can accommodate 400,000 people October 15, as against September 1, you don't need that much money unless you are going to go up beyond the 400,000.

Mr. SHRIVER. That may be possible because we have a demand much greater than we thought we would have.

Senator PASTORE. In other words, where you cut down the time if you get the same amount of money it will allow you to expand the body of people to be accommodated.

#### RECRUITMENT OF TEACHERS

Mr. SHRIVER. Yes, sir. Let me give you another example of what I mean. Many people myself included, had some concern about our capacity to recruit teachers to teach in the Job Corps conservation camps or education centers.

There are questions asked by Senators and Congressmen on that score. As of today with no effort we have had applications from approximately 10,000 certificated teachers and guidance counselors now at work in the United States who have requested a chance to get into this program to teach in the Job Corps situation. Ten thousand. We have not even recruited anybody. We have made no effort to recruit anybody. Now I will be quite frank about that. That is a lot more than I thought we would have without any recruitment effort. What does that mean? It means this: If we get this money we can inaugurate these training programs either in the conservation camp settings or in the educational center settings a lot more expeditiously than we anticipated when we made up these figures.

#### PROGRAM DEMAND

It also sums up by saying that the demand for the program has outstripped our own calculations of what the demand would be.

Consequently, there is not a long period at the beginning when you would not be allocating funds, because the requests are there.

Chairman HAYDEN. Does this mean that persons now employed in teaching, for instance, would give up their position to come to work for you?

Mr. SHRIVER. Yes, sir; it does in many cases.

Mr. Chairman, here is an example. There are many teachers even in the existing school systems where the school system itself wants to give some of their best teachers a chance to work with these kids so that they can come back and do better work in their own school system. There are programs now. I was talking to the superintendent of schools, Dearborn, Mich., an hour ago. They want to take their teachers and send them to one of these places so that they can learn how to teach the children better.

The same is true of Chicago. The same is true of New York City. They want to take some of their teachers and send them to one of these centers and even prepare them, not only certificated teachers but teachers in training so that they can come back and be better teachers in the public school system. So there are a number, yes, that would volunteer.

#### TEACHER INTEREST

Let me add also that there are a number of teachers who teach in the regular school system who sometimes feel that if they could get into a teaching situation where they are not quite as rigidly bound by the curriculum and the schedule that they could actually accomplish more with the students. For example, let us say you are teaching in an elementary school, seventh grade, on a half-day schedule where the boys and girls come in at 8 o'clock in the morning and they leave at 12:30 and you get a double shift. A second crowd comes in at 2 o'clock and they stay until 6. You are a teacher who is really interested in your work. You have 4½ hours maximum with that boy or girl per day.

Now you say to yourself, if I could get that boy or girl for 8 hours a day or on a permanent basis, 24 hours a day, 7 days a week, I could do a magnificently better job for that child. Suddenly along comes a chance to do exactly that, to move out of a double-shift situation into a situation where you will be in an institution, a residential institution, with the boys or the girls, full time. Teachers who are devoted to this work would relish that chance. A number of them are the kind who will volunteer here.

#### INITIATION OF PROGRAM

Senator PASTORE. Mr. Shriver, how can you say at least 70,000 of the 400,000 young men and women who could get extra training and education they need to help themselves get a better job under title I will be deprived of that opportunity? Now if it were contemplated that the money you were asking for was to begin on September 1—it actually begins one October 15, which is a month and a half less—how can you say 70,000 will be deprived of something? Can you explain that?

Unless you justify it by saying "No," if we start our program on October 15, rather than 400,000 we can take care of 470,000.

Mr. SHRIVER. That is quite possible.

Senator PASTORE. Which one is it?

I am trying to get that lined up. What is the situation here? What if we give you the money that you originally asked for for a program that was to begin on September 1, if, because of the practicalities involved, this program can only begin on October 15; where does it put you? You want the same amount of money because you can expand your activity or do you want the same amount of money to take care of the same number of people that you presented as of September 1?

Mr. SHRIVER. That could be an either/or situation. For example, if the person under the original plan was to get training for 8 or 12 weeks, you wouldn't have to have any more people. That person's training might desirably be extended to 16 weeks and still require the same amount of money and you wouldn't have any more people involved. That is one part of it. A second part is exactly what you said; namely, more people could be involved. And why? Because we have a bigger demand than we thought we would have.

Senator SALTONSTALL. Mr. Chairman, may I ask a question?

#### FUNDS DESIGNATION UNDER ACT

Senator SALTONSTALL. Mr. Shriver, I have been listening to you and your optimistic feelings as to the number of applications and so on and have read the act as passed by the House or recommended by the committee, anyhow the committee designated the amounts that should be set forth for each of these titles: Title I, \$750 million; title II, \$35 million; title III, \$8.8 million; title IV, \$150 million; title V, \$50 million; and so on. I think that is approximately the whole of it.

Now under the act itself, section 615 of the act, which is the authorization of appropriation, it does not make definite the amounts under each one of these titles. My question to you is, assume that the Senate amended this act so as to leave the amount we will say the same as put in by the House and leave it to the Director to say which of these agencies would get the amount of money in the amounts that would provide the program or make the program most assisting to as many people as possible until, we will say, the next budget, in other words, what the House has done is to specify the amounts for each title but the act itself does not do that.

#### PROVISIONS OF ACT

The act itself simply says the Director shall carry out the programs provided for in this title during the fiscal year ending June 30, 1965, and the 2 succeeding fiscal years and then it goes on, certain credits and so on, that do not come into the situation.

Now, supposing we amended this act to put it up to you or put it up to the President which title to use the money in; for instance, you have \$750 million which will go under title I of which not more than \$412.8 million plus reimbursement shall be available under title I, \$300 million under title II. Now, there are several of those programs that will give the opportunity for much more employment and much more carrying out of the programs to individuals than others.

For instance, \$150 million for work experience would not be perhaps as important as the youth programs and so on. It seems to me that we could do something of that character that would give you



more leeway, give you more discretion, and yet leave the fund substantially as the House appropriated it.

#### LATITUDE UNDER ACT

Mr. SHRIVER. Senator, my impression of the legislation is that we have the kind of leeway now which you are proposing; it would be desirable for us to have, namely, that the cut, let us say of \$197 million, is within our authority under existing legislation to apportion between among the titles as long as we don't exceed the amount authorized under any one title.

For example, if under title I we are authorized to spend \$412 million, the figure you just gave me, we could allocate the reduction in such a way that the total reduction, let us say, is taken in other titles and that \$412 million remains there. However, what we have done in preparing this statement for your consideration today is to allocate the \$197.5 million reduction evenly, prorated it across all the titles without making a value judgment that title V, which is \$150 million, deserves a larger percentage cut than title I.

Senator PASTORE. In other words, what the House did, the House reduced the total figure from \$947.5 million down to \$750 million but it did not make the breakdown.

Mr. SHRIVER. That is right.

Senator SALTONSTALL. Are you sure of that?

Mr. SHRIVER. Yes, sir.

Senator PASTORE. With the failure to specify the breakdown they have the latitude to spread the cut.

Senator SALTONSTALL. Are you sure of that?

Senator PASTORE. Yes.

Senator YOUNG. How would you break it down if you are only allowed \$750 million? Do you have any figures now as to how you would break it down among the various titles?

#### TENTATIVE PRO RATA REDUCTION

Mr. SHRIVER. We have submitted here in our prepared statement an indication based on a pro rata reduction. This is not to say that that is a final decision, but that is the way we have tentatively broken it down today.

Senator YOUNG. Would you also do that with title III, that \$8 million to compensate dairy farmers?

Mr. SHRIVER. Factually, the Congress has specified what has to be spent there whether we like it or not. That is the only one, but that was not a part of our original program. That is a congressional program.

Senator PASTORE. Well, it is not more than. You can spend less.

Mr. SHRIVER. I mean legislation was passed that we were specifically required to cover that item. This has the effect of increasing the cut from \$197.5 to \$206.3 million.

#### INTERPRETATION OF HOUSE ACTION

Senator SALTONSTALL. Under your interpretation, Mr. Shriver, the House has given you the discretion which my question implied but appropriated in an "not more than" method the full amount of the \$947 million.

Mr. SHRIVER. They authorized ceilings and then they made a reduction in the appropriation, but they have not allocated the reduced amount according to title. So they left us with the onerous task of deciding where the \$197 million cut could, let us say, best be taken. For purposes of this presentation today, Mr. Chairman, we have indicated the effect if that cut were prorated percentage-wise across all titles.

Senator SALTONSTALL. Why is not my suggestion still a good one? It would give you perhaps even a little broader discretion but not very much more discretion.

Mr. SHRIVER. Well, it depends on whom you are talking to, of course. For example, you made the comment that \$150 million under work experience might not be as valuable as a certain amount under community action or under the youth program.

Senator SALTONSTALL. The youth program presumably would be the most important. I would think it would be the most important.

#### PROGRAM APPLICATION

Mr. SHRIVER. That is what I meant when I said that it depends on whom you are talking to. There are people, and I am one of them, who think that giving work to unemployed fathers when the family is on relief is extremely valuable. First of all, it has the ultimate objective of taking the whole family off relief and cutting down the cost to the taxpayers of this growing relief burden throughout the country.

Senator SALTONSTALL. They did put specific amounts, didn't they?

Mr. SHRIVER. Yes, sir. In the authorization we have ceilings beyond which we cannot go.

Senator SALTONSTALL. You have ceilings beyond which you cannot go?

Mr. SHRIVER. Yes.

Senator SALTONSTALL. The act itself did not put any of those ceilings on it?

Mr. SHRIVER. Yes, sir; it does.

Senator SALTONSTALL. Then how do you interpret section 615 of the act? I wouldn't say that it did.

Mr. SHRIVER. A typical case in point is on page 21, section 503. With respect to title V you will see there that the last section specifies exactly the ceiling for that title. Now a comparable provision—

Senator ALLOTT. Where is that?

Mr. SHRIVER. Page 21. Section 503 puts the ceiling which we are allowed to spend under title V. You will find a comparable provision under each one of these titles.

Senator SALTONSTALL. Yes; that is correct.

Mr. SHRIVER. They put those in under the title. For example, at the top of page 17, section 221 puts the ceiling on what we can spend under title II. If you will leaf through this more you will find that there is a ceiling in each case.

Senator PASTORE. In other words, when you put in your request you put in your request for the full amount of the authorization?

Mr. SHRIVER. Yes, sir.

Senator PASTORE. There is no question about it?

Mr. SHRIVER. That is right.

## ADEQUACY OF FUNDS

Senator PASTORE. Now let us be practical about this, Mr. Shriver. Let me preface my observation by saying that as far as I am concerned I think the full amount should be restored but then we have some practical considerations here. This was all predicated, the full authorization was predicated upon this program beginning on September 1. Now I realize that if it is to begin on October 15, this because of the many more demands that you have received that you could comfortably use all the money. But taking into account the fact that the House has already made the observation here that this won't get started before a month or a month and a half later, what is the bottom figure that reasonably you could take or suggest and still leave this program at the level that you anticipated when you submitted your budget request? Let us approach it that way.

Mr. SHRIVER. I must say, Senator—

Senator PASTORE. I am not asking you to compromise, but you are making the argument here; yes, I admit I am a month late, we are going to be a month late because the bill has not passed and maybe it will be a month and a half late but I can take care of the bigger program. That is the argument you are making. Let us leave the program where it was. What is the amount of money that you would comfortably expect to be deducted that will allow you to pursue the program on the same scale realizing the fact that you are beginning the middle of October or the first of October instead of the first of September?

Mr. SHRIVER. It is very easy to just take one-twelfth of which would be the month of September and take one-twelfth of it off. That is just arithmetic. On the other hand when you ask how much can you comfortably cut it—

Senator PASTORE. There are some programs that are contractual, like allocation of money, where I don't think time makes any difference. There time would not make any difference.

Mr. SHRIVER. Most of this is allocated out to communities.

Senator PASTORE. Now not when you are talking about jobs of people on relief.

Mr. SHRIVER. The way that is done is through HEW. We work through a State employment agency. They come up with a job for the people and we will allocate the money to the State.

Senator PASTORE. Yes; but whether the man begins to work September 1 or October 1 makes a difference of 1 month.

Mr. SHRIVER. That is correct. I could say that you take one-twelfth, \$78.8 million. But to me the point I want to make is, that may be comfortable for us but I am thinking about the people who could otherwise get a job under this program for whom it is not at all comfortable not to have a job.

## ADVOCACY OF EXPANDED PROGRAM

Senator PASTORE. Is it fair for me to assume that you are advancing a more expanded program before this committee than you did before the House?

Mr. SHRIVER. What I am telling you today is really what I told the House but I can also say, as I did a little while ago, that it was difficult



to get through the idea that these figures have been computed to begin September 1. Most of the people over there, I am sure, still think the figures were based on a July 1-June 30, fiscal year.

Mr. WEEKS. The situation is this: As we approached the program at the beginning of the summer and were approaching how much we should ask for appropriations we didn't know what reaction of the American people was going to be to the enactment of the bill.

Senator PASTORE. Therefore, what you are saying to me now is predicated upon a more expanded program than when you submitted the budget estimate?

Mr. SHRIVER. We were away from the mark quicker instead of taking a long time to pick up speed. Let us take as an example that you weren't able to get the teachers to staff the camps or to staff the centers. And therefore you could not open up an  $x$  number of centers or camps.

Senator PASTORE. That is right.

Mr. SHRIVER. That would slow you down.

Senator PASTORE. If you get teachers on October 15 as against September 1, the fact that you are paying them a month and a half later means if you are talking about the same number of teachers you need less money. If you are talking about the same amount of money it means more teachers.

Mr. SHRIVER. And that would be fine because we need them.

Senator PASTORE. All right, but why don't you say that?

Mr. SHRIVER. I have said it. I have tried to say it several times.

#### PRESENTATION TO HOUSE

Senator PASTORE. You are saying what you presented here is what you said before the House. You are now talking about a bigger program than you talked about before the House.

Mr. SHRIVER. No, sir. The House actually asked us the same questions about what would happen and they came up with relatively the same argument. What actually comes out in a one-twelfth cut. You said this yourself. What is this, 45 days, 15th of October you used? That is 45 days out of 360. What percentage is that?

Senator SALTONSTALL. \$79 million would be a cut of one-twelfth, Mr. Shriver; \$158 million would be a cut of one-sixth. The House cut you \$197.5. So that if we stated that this bill would not take effect before the first of November, which it probably wouldn't, it would be two-twelfths, or \$158 million where the House cut you \$197.5. If you make it one-twelfth of the amount it would be \$79 million where the House cut you \$197 million. Somewhere in there between the two figures probably would be the logical figure.

Senator PASTORE. Yes; but if you want to be a little more accurate 1 month out of a 10-month period is not one-twelfth, it is one-tenth.

Mr. SHRIVER. Of course, you can say it won't take effect until November 1. You could say it won't take effect until December 1. I don't see what we gain by that in terms of the problem that this bill is addressed to; namely, a new and additional effort to combat poverty. Give people an opportunity to get out of it. We could say January 1 and we would save ourselves some money.

Senator SALTONSTALL. The bill won't be signed and put into effect before that time.

## TOTAL INDIVIDUALS BENEFITED

Senator PASTORE. Will you listen to this very carefully? In other words, if we grant you the full amount that you originally requested, the fact that it will take place after September 1, depending upon when this is passed, you will be able to accommodate more people than you originally thought.

Mr. SHRIVER. Or the same number for a longer period of time.

Senator PASTORE. All right. I will buy that.

Mr. SHRIVER. That is what I tried to say a minute ago.

Senator PASTORE. All right.

Mr. SHRIVER. It does not necessarily follow you have to have more.

Senator PASTORE. We agree.

Mr. SHRIVER. What you can say, of course, is that therefore an agency should—I don't know why we should say "should," there is something moral about it—I think the morality of the case is that the more we can do in the 9 months that are left, the better off we are.

Senator PASTORE. You are saying none of this money will be lost?

Mr. SHRIVER. That is right.

Senator PASTORE. If you give us more money than we expect, we can take care of more heads of families, we can take care of more young people, and take care of more school teachers?

## FUNDS ALLOCATION

Mr. SHRIVER. That is right. However, it is not more that we expected. It is just that we allocate it quicker.

Senator PASTORE. Well, more than you estimated?

Mr. SHRIVER. More than we estimated we would allocate in a period of time. That does not mean that it is more than we expect. We always expected this much. We will just allocate it quicker.

Senator YOUNG. Would you have the same argument 6 months from now, if we did not appropriate the money until 6 months from now?

Mr. SHRIVER. Then you can say, "Why don't we put the inauguration off 6 months?" and that way you would save yourself some money.

Senator YOUNG. Would 4 months make any difference?

Mr. SHRIVER. I think every day that passes without putting the program in effect is a sad day for the people who could be benefiting.

Senator YOUNG. You would like the full amount now, but 6 months from now you would cut it in half?

Mr. SHRIVER. I did not quite say that. At least I hope I did not say that.

Senator YOUNG. What did you say?

Mr. SHRIVER. I just said if it were 6 months from now certainly we would, in that period, not be able to allocate the full amount in the remainder of the fiscal year. I didn't say it was a half. I don't know enough to say that. What I am saying is that every day that the program is not able to operate is a sad day. Every dollar that we don't get to put people to work under this program, I think, is regrettable.

Senator YOUNG. Mr. Shriver, you are a good salesman, but I don't think you are that good a salesman to convince us that if the program lags 3 months you should have the same amount of money.

Mr. SHRIVER. I hope I did not give you the impression I thought that; if it lags 6 months.

Senator YOUNG. What if it lagged 2 or 3 months, then would you ask the same amount?

Mr. SHRIVER. I am not talking to that. That is a hypothetical question.

Senator YOUNG. This is not a hypothetical question. It could well happen that it is 2 or 3 months before we appropriate this money.

Mr. SHRIVER. If that happens, I will be happy to testify 3 months from now when this bill has not been acted on and I will present a statement. I am presenting a statement as to the 22d of September, not the 2d of January.

#### FUNDS EXPENDITURE

Senator SALTONSTALL. What you would like is to get as much money as you can, and you think you can spend it usefully? It is up to the Congress to decide what that amount should be?

Mr. SHRIVER. I think that is correct. I am also happy to go on the record here that if we cannot intelligently allocate the money between now and June 30, that it won't be allocated. In that case, I remember when I first said that over here Congressman Passman on the House side laughed at me. He said, "You have not been in Washington long enough, nobody ever does that." The fact is that every year under the Peace Corps appropriation we have failed to use or turned back money that was authorized and appropriated. I have no hesitancy whatsoever in not spending this money if it is appropriated. I don't think there is any great price to be won simply because you spend money. That does not take any particular ability. What I am saying is that if we get the money we don't need, we won't use it.

Senator PASTORE. Senator Hayden, would you like to ask a question? Senator Stennis?

Senator STENNIS. Senator Allott has been wanting to ask some questions. I will yield to you.

Senator ALLOTT. I will defer to you.

#### ALLOCATION UNDER HOUSE REDUCTION

Senator STENNIS. Mr. Chairman, I was just interested in the allocations of this cut here in the first place.

Mr. Shriver, as I understood you to say, for today this is the apportionment listed here on page 1 of the House cut. Now what do you mean by that, "for today?"

I will strike that and say this. You list here on page 9 your allocation of the proposed House cut should it go into effect. Is that a commitment on your part that if you don't get this money restored it will mean these reductions that you list here?

Mr. SHRIVER. That is an estimate, Senator.

Senator STENNIS. Are you committing yourself to this or approximately this allocation of the reduction?

Mr. SHRIVER. Well, we had not thought it would be necessary to go that far here this morning. What we did—I tried to explain a minute ago—is that we allocated the total reduction equitably on a percentage basis across all the titles. Senator Saltonstall has brought up the point that it might be, if given a little more time, it might be intelligent for us to reduce the percentage under one title more than we reduce it under another title, and we can still do that. All we were trying to



show you in this statement would be the effect if we allocated it equitably.

Senator STENNIS. Well, you would not propose to allocate it in any way other than equitably?

Mr. SHRIVER. I mean "evenly." If we should decide 3 or 4 months from now it would be wiser to put more money in the community action because the demand is greater, for example, then under title 5, we would do so.

Senator STENNIS. I understand. When the reductions are made in the House, you should come in and explain what it means.

Mr. SHRIVER. This is what it means.

#### QUESTION OF COMMITMENT

Senator STENNIS. But at the same time later, then, unless you commit yourself to this or to approximately this, you would not be bound by it and you could go on and make other changes in it, you see, substantial changes. Now what I am getting to is the idea of whether you are going to approximately follow this pattern here or whether you feel that you are not bound by it in any degree and would just change it as you might see fit. I hope I have made that clear. It is so simple to me that I don't see how you could miss it.

Mr. SHRIVER. I think I have it clear, but I would like to make perhaps a complicated answer to it. I do not intend to make it complicated. Here is the point. There is \$150 million under title 5. It is not our intention, if Congress gives us the money, to immediately give over \$150 million, for example, to HEW to carry that out. We would perhaps, let us say, make an allocation of \$50 million. Let us say we are running for 3 months and that \$50 million is not being taken up at the speed we thought. We reserve the right, and the statute gives us the responsibility for taking more money then and putting it into community action, for example, where there is a bigger demand.

So, if I committed myself to this now, it might be, first of all, misleading to you and unnecessarily, in view of the statute, hampering to us.

Senator STENNIS. Just to get it clear now, and I direct the attention of committee members to page 1 here, about the fifth line, Mr. Shriver's statement says "If Congress upholds this cut," referring to the House cut, "we will have to say no to" and then you list these items.

Mr. SHRIVER. That is right.

Senator STENNIS. Now is that literally true and that is what you plan to do, that you will say no to these items if this cut is upheld?

Mr. SHRIVER. That is literally true, Senator.

Senator STENNIS. All right, you commit yourself to that, substantially that; is that correct?

Mr. SHRIVER. Substantially, if the allocations end up by being, the cut ended up by being distributed exactly even on a percentage basis 9 months hence.

#### REDUCTIONS IN PROGRAM

Senator STENNIS. The argument here to get the money back is that you want to avoid making the reductions?

Mr. SHRIVER. Yes. This would show what would probably happen; yes.

Senator STENNIS. I have been on the Appropriations Committee a long time, and when you reduce these sums and they come in with a list and say this is what the reduction will be across the program, there is an old practice; it does not apply to you, I am sure, but they put in the reductions on the things that are closest to the hearts of some of the members of the committee maybe. I know you would not do that. I think always when you make these arguments you ought to be asked whether you are committing yourself to these or whether you just consider it argument.

Mr. SHRIVER. We don't just consider it an argument. These reductions will apply.

Senator STENNIS. These reductions will apply unless we restore the money?

Mr. SHRIVER. That is right, assuming we allocate the money on a pro rata percentage basis. As Senator Saltonstall says, the legislation not only gives us the power, but the responsibility perhaps to modify that allocation.

Senator STENNIS. You say here that if we don't restore this money that these other things are going to happen, and you spell it out.

Mr. SHRIVER. That is right.

#### RESULT OF REDUCTIONS

Senator STENNIS. You are certain that substantially that is what will happen; is that right?

Mr. SHRIVER. Yes, sir; if the Congress upholds this projected cut. Perhaps there should be another clause in there "and if this proposed reduction is allocated percentage-wise the pro rata share between the titles this will happen."

Senator STENNIS. We would know that anyway. That is a matter of arithmetic. What I am getting at is, how far are you committing yourself here to the reductions. You are standing on this plea to get this money back to keep these things from happening. Still you don't go so far as to say they will happen if we don't put this money in.

Mr. SHRIVER. They will happen if you don't put this money in, provided each title is reduced percentage-wise exactly the pro rata share of the total.

Senator STENNIS. I would know that just as a 10th grade student, I think. If you want the money back, you had better say what you are going to do with it. At least this committee has a right to ask you to do that.

Mr. SHRIVER. I could not agree with you more. This is exactly what will happen, as closely as we can estimate it.

Senator STENNIS. All right. Now, you don't really think, though, that just an authorization bill is a promise on the part of the Congress to appropriate the money, do you?

Mr. SHRIVER. No, sir. We would not need an Appropriations Committee, if that were so.

#### AUTHORIZATION BILL A CEILING

Senator STENNIS. You say at the last, "I hope that the Congress will also be ready to make good on its promises to the poor people when it authorized \$947,500,000 just 5 weeks ago." A man coming for money now from the Appropriations Committee had better learn that

the authorization bill is a ceiling and not a promise. You agree with that, don't you?

Mr. SHRIVER. Yes, sir; I do. That word may be improperly chosen. I think what we were trying to say is this. Most people in the United States don't understand that technical difference. When they see a certain bill has passed the Congress and it is a \$947.5 million bill, they think that has happened.

Senator STENNIS. I thought you were entitled to a chance to correct your statement.

Mr. SHRIVER. I am glad to have that chance, and I would like to make that correction.

Senator STENNIS. I believe that is all I have.

Senator PASTORE. Mr. Allott.

Senator ALLOTT. Mr. Shriver, I would like to bring out one point which has been overlooked here. The first is with respect to your recent remarks when people come before the legislative committees of Congress they always say, "Well, let us put it up there, because we will still have a hard time getting any appropriations and we won't get as much appropriations as the authorization anyway." Unfortunately, this is the situation which has prevailed in some instances.

Secondly, I would like to point out to you that when the authorization bill 88-452 was passed certain representations were made to the committees of Congress as to certain needs, and upon that basis Congress promulgated a certain program as represented by this law at a certain level. So the argument of an increase in or accelerated rate of the program is something that is not authorized by the bill. This is something that the distinguished Senator from Mississippi was just bringing out. The program, because of the length of time, is not the program that was intended to be authorized by the legislative committee.

Mr. SHRIVER. May I make a comment on that, please?

Senator ALLOTT. Yes.

#### PROGRAM LIMITATION

Mr. SHRIVER. In our testimony before the committees of the Congress there never was any statement that if the appropriation of a certain amount of money which was requested under a particular title or authorization, if that money could, instead of taking care, let us say, of a hundred thousand people could take care of 120,000 people, nobody in the Congress ever said we should not take care of the 120,000.

In other words, there was no limitation in the minds of anybody. There was nothing in the record, verbal or otherwise, which would indicate that this program was to be limited except in the amount of money.

Senator ALLOTT. Mr. Shriver, when the legislative committee did consider it, I think it is plain they considered what was proposed as specific need; they proposed a specific program at a certain rate to take care of that need. Now you are saying, because we are late in this appropriation and late in getting this into effect, that we will expand the program which Congress actually authorized, and I think you will find that most members of the Appropriations Committee, without respect to this particular question, tend to look at authorizations and appropriations in this way.



## HOUSE LIMITATION

Now I would like to ask you one question to clear up my mind. The House has appropriated \$750 million. They have put, however, in the appropriation bill under the various titles the full amount of the authorization in each instance?

Mr. SHRIVER. Up to the full amount of the authorization.

Senator PASTORE. That is correct.

Senator ALLOTT. Isn't that what I said?

Mr. SHRIVER. Yes. I was repeating it, I am sorry.

Senator ALLOTT. Now suppose this committee in its wisdom were only to appropriate \$750 million, would it be your wish that we retain in the bill the overall ceiling under the respective titles in the same manner in which the House sent it to us, or that they be reduced proportionately in accordance with the amount that the original authorization is reduced?

Mr. SHRIVER. I think if the appropriation is going to be passed at the reduced level that it would be wiser to leave it open without specifying exactly that proportion which should be allotted to each title.

Senator ALLOTT. In other words, you would prefer the freedom and discretion which the larger amounts in the House bill would give you if a lesser amount were appropriated than the authorized amount, full authorized amount?

Mr. SHRIVER. You mean the authorized amount, that is in the Senate and the House bill, that is the law. The authorized amount.

Senator PASTORE. By category?

Mr. SHRIVER. By category.

Senator ALLOTT. I am talking about category. You would prefer the amounts carried in the House appropriation bill now in the various categories even though the total appropriation were reduced?

Mr. SHRIVER. Yes; I think that is desirable.

## DISTRIBUTION OF ASSISTANCE

Senator ALLOTT. Now you have made one other statement—and this is the last question I have. You made a statement awhile ago about discretion to transfer. I was looking at the bill. You certainly were not referring to section 116, were you, on page 6? Because that says that it was designed to achieve an equitable distribution of assistance under this part among the States.

Mr. SHRIVER. I wasn't thinking of that.

Senator ALLOTT. Were you thinking of another specific section of the bill that gives you power to transfer between these titles?

Mr. SHRIVER. We don't have the power to transfer between titles.

Senator ALLOTT. Then I misunderstood something you said.

Mr. SHRIVER. What I was trying to say is this. When the House passed the \$750 million figure or proposed it—the House has not passed it, incidentally, it is just in the Appropriations Committee—when they made their cut of \$197,500,000, they did not allocate that cut among titles. Therefore, the only way that that cut can be allocated among titles is by us. If the House version becomes the Senate version, and therefore the law, they could have—what I am trying to say is that they could have decided that they wanted to cut the \$197,500,000

and then allocated that according to their wisdom among the various titles. But they elected not to do that; they decided not to do that. Consequently, if the Senate agrees with them and it comes to us with just an across-the-board cut, we are going to have to allocate it among the various titles.

Senator ALLOTT. Within the limits contained—

Mr. SHRIVER. In the authorization.

Senator ALLOTT. Not only the authorization, but the limits contained in the appropriations bill.

Mr. SHRIVER. Yes; the overall limit.

Senator PASTORE. The limit in the appropriation bill is the same as in the authorization.

#### TRANSFER OF FUNDS

Senator ALLOTT. I understand that. What you have in mind is not exactly true, because this does, even though you retain these figures, this does put some restraint upon your power to transfer funds from one title to the other.

Mr. SHRIVER. We don't have that power at all, to transfer funds from one title to another.

Senator SALTONSTALL. Would the Senator yield?

Senator ALLOTT. Yes.

Senator SALTONSTALL. But you do have the power, where it is not more, to take a bigger cut from one than from another.

Mr. SHRIVER. That is right.

Senator SALTONSTALL. So we have to rely on you as a man of integrity and character to allocate the funds to the best advantage of the most people.

Mr. SHRIVER. That is right, or to the best advantage of the program. It could vary, actually.

Senator PASTORE. Let us simplify this. We are using a lot of words to say something very simply. The House allowed them \$750 million. Now with the \$750 million, they could take the whole \$412,500,000 and put it in that category, then they would have the rest of it left for the other categories or they could go the limit.

In other words, within the figures of the various categories which match the appropriation categories, he can spend this money, but only to the limit of \$750 million.

Mr. SHRIVER. That is right, or to the limit in any specific title.

Senator PASTORE. That is right.

Senator ALLOTT. That is all I have, Mr. Chairman. Thank you.

Senator PASTORE. Mr. Monroney.

#### NEWSPAPER ARTICLE

Senator MONRONEY. I want to get on to another matter which I think is quite important because of the widespread publicity given in a letter by the Governor of Oklahoma. I quote from a newspaper article in the Daily Oklahoman of September 18, 1964:

Governor Bellmon complained Thursday that the Federal Government is trying to bypass States in planning projects in the "war on poverty." He sent a protest letter to Sargent Shriver, Director.

The Governor in his letter said Federal representatives have been in Oklahoma discussing the program, contained in the Economic Opportunity Act of 1964.

"The plain inference has been that State government will be largely bypassed," the Governor wrote.

Bellmon said indications were that Federal authorities would run the program “\* \* \* without taking advantage of capabilities of existing State agencies.”

The letter continued, “This office vigorously protests any efforts on the part of the Federal Government to bypass or duplicate existing State agencies. Such method of operation can only result in the creation of unneeded Federal bureaus to perform services which Oklahoma’s State government is already in excellent position to accomplish.

“We don’t believe that among the various levels of government the Federal Government has any special magic to handle this kind of problem,” the Governor wrote.

Bellmon told Shriver that after the Federal act was passed a State commission was set up composed of various State departments. “The purpose of the commission is to make certain the full powers of Oklahoma’s State government are mobilized to vitalize the act in Oklahoma,” the Governor wrote.

In discussing the program, Bellmon said, “If they’d do it the way we planned we’re ready to go.”

“We could be in business in a matter of days,” he added.

“I don’t see how it can succeed,” Bellmon said. “It’s unsatisfactory to have the Governor and State agencies sit back and have no voice and then come in and say—take it or leave it.”

#### COMMENTS ON ARTICLE

I believe these accusations are distinctly untrue and wholly uninforming and unfounded. I would like to get your comments on this, Mr. Shriver.

Mr. SHRIVER. I agree with you they are untrue and they are unfounded, and the record would have been very easy for Governor Bellmon to have obtained. If he had put in a collect call, I would have been glad to pay the cost out of my own pocket to straighten him out. The truth of the matter is we have already had negotiations with 18 other States who have taken the trouble to either come to Washington or talk to us: Vermont, Minnesota, Massachusetts, New Mexico, Nebraska, Maryland, West Virginia, Wisconsin, and Michigan, and so forth, have all been in contact with our Office.

We are working with them directly. I would say I personally have seen at least six Governors who have come down, maybe more, working with them and with their States. None of these fears that Governor Bellmon expresses here have any substance. Nor has anybody from the Office of Economic Opportunity, our Office, talked to Governor Bellmon or any of his representatives or ever told him anything like this. This is a pure out-of-the-whole-cloth.

Senator MONRONEY. Have you had any representatives conducting meetings in Oklahoma with our public officials?

Mr. SHRIVER. No, sir.

Senator MONRONEY. You have not had?

Mr. SHRIVER. No sir. He says in this letter, of which I got a copy yesterday—

Senator MONRONEY. You received a copy, but no original?

Mr. SHRIVER. Excuse me, the original came to my office yesterday. It is dated the 17th of September. It says:

Recently, representatives of Federal agencies have been in our State discussing provisions of the act.

#### VETO OF PROGRAMS

Nobody from our “agency” has been in Oklahoma discussing provisions of this act. It is possible that others from, let us say, the Department of Labor or HEW might have been in discussing provisions of the act with some members of the Governor’s State administration, but



the record is quite clear and it is totally contrary to what Governor Bellmon fears or believes, as expressed in this letter.

Senator MONRONEY. It is true that about in six or seven places in the act itself it specifically gives the Governor of the State the power to veto any program that is unsatisfactory to him. I am referring to page 12 of the act, section 209 (b) :

The Director is authorized to make grants to, or to contract with, appropriate State agencies for the payment of the expenses of such agencies in providing technical assistance to communities in developing, conducting, and administering community action programs.

(c) In carrying out the provisions of title I and title II of this Act, no contract, agreement, grant, loan, or other assistance shall be made with, or provided to, any State or local public agency or any private institution or organization for the purpose of carrying out any program, project, or other activity within a State unless a plan setting forth such proposed contract, agreement, grant, loan, or other assistance has been submitted to the Governor of the State, and such plan has not been disapproved by him within thirty days of such submission.

On through the act there are four of five other sections referring to different sections which require approval by the Governor or origination by the Governor, or the allocation of Federal funds to the State by the Governor to other agencies.

#### TECHNICAL ASSISTANCE GRANTS AUTHORIZED

Mr. SHRIVER. That is right. I might add something that is not as well known, perhaps, as even those facts are, Senator, and that is that under this law we are authorized to provide technical assistance grants to States to help States finance the creation of their own programs. Under that provision there have already been 19 States that have come in and asked us for specific dollar grants to those States to do what Governor Bellmon says we don't want to do. One State specifically has already come in and asked us for \$178,500 to finance at the State level the operation of a State agency to do exactly what he says we are trying to bypass. This is just uninformed.

Senator MONRONEY. Thank you very much.

Senator PASTORE. Any further questions

The Chair hears none, and the distinguished witness is excused.

Mr. SHRIVER. Thank you very much, Mr. Chairman.

FARM LABOR CONTRACTOR REGISTRATION ACTIVITIES

STATEMENTS OF W. R. CURTIS, DEPUTY ADMINISTRATOR, BUREAU OF EMPLOYMENT SECURITY; ALFRED G. ALBERT, COUNSEL FOR MANPOWER SERVICES, OFFICE OF THE SOLICITOR; AND V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY OF LABOR, DEPARTMENT OF LABOR

REASON FOR REQUEST

Senator PASTORE. This supplemental request for \$500,000 results from the passage of the Farm Labor Registration Act of 1963, Public Law 88-582, which was approved September 7, 1964. The act provides for the registration and regulation of certain persons engaged in the activity of farm labor contractors. The law becomes effective on January 1, 1965.

The item was not considered by the House.

Senate Document No. 97 and the justification will be placed in the record at this point.

(The matter referred to is as follows:)

S. Doc. 97, 88th Cong., 2d sess. 1

COMMUNICATION FROM THE PRESIDENT OF THE UNITED STATES TRANSMITTING A PROPOSED APPROPRIATION, FOR THE FISCAL YEAR 1965, IN THE AMOUNT OF \$500,000, FOR THE DEPARTMENT OF LABOR

THE WHITE HOUSE,  
Washington, September 22, 1964.

THE PRESIDENT PRO TEMPORE OF THE SENATE.

SIR: I have the honor to transmit herewith for the consideration of the Congress a proposed appropriation for the fiscal year 1965 in the amount of \$500,000 for the Department of Labor.

The details of this proposed appropriation, the necessity therefor, and the reasons for its submission at this time are set forth in the attached letter from the Director of the Bureau of the Budget, with whose comments and observations thereon I concur.

Respectfully yours,

LYNDON B. JOHNSON.

DEPARTMENT OF LABOR  
MANPOWER ADMINISTRATION  
*Amounts available for obligation*

Appropriation or estimate-----<sup>1965</sup> estimate \$500,000

*Obligations by activity*

	1965 estimate	
	Positions	Amount
1. State administration.....	29	\$200,000
2. Federal administration:		
Bureau of Employment Security.....	26	238,000
Office of Solicitor.....	8	62,000
Total obligations.....	63	500,000

*Obligations by object*

	1965 estimate
Total number of permanent positions.....	34
Average number of all employees.....	22
11 Personnel compensation.....	\$199,100
12 Personnel benefits.....	15,000
21 Travel and transportation of persons.....	22,700
22 Transportation of things.....	1,000
23 Rent, communications, and utilities.....	12,700
24 Printing and reproduction.....	6,900
25 Other services.....	4,300
Services of other agencies.....	20,400
26 Supplies and materials.....	4,300
31 Equipment.....	13,600
41 Grants, subsidies, and contributions.....	200,000
Total obligations.....	500,000
Working capital fund items included above.....	(7,300)

*Summary or changes*

1964 appropriation.....	
1965 estimate.....	\$500,000
Total change.....	+\$500,000
Program item: To provide for expenses necessary to carry out the provisions of the Farm Labor Contractor Registration Act of 1963.....	+\$500,000

## GENERAL STATEMENT

## THE FARM LABOR CONTRACTOR REGISTRATION ACT OF 1963

This request is made necessary by the passage of the Farm Labor Contractor Registration Act of 1963, Public Law 88-582 (88th Cong., 2d sess.), which provides for the registration and regulation of persons engaged, under certain conditions as defined in the act, in the activity of a farm labor contractor, and full-time or regular employees of such contractors. Responsibility for administering the provisions of the act and for the issuance of necessary regulations to carry out the provisions of the act is vested in the Secretary of Labor or his authorized representative. The Secretary of Labor has delegated responsibility for administration of the act to the Manpower Administration with legal services to be provided by the Office of the Solicitor.

The act is basically a registration, licensing, and enforcement statute. It requires that the Secretary promulgate regulations establishing standards for the administration of the act. These standards include conditions for the registration and issuance of certificates of registration to eligible persons, and procedures with respect to enforcement, hearings, and appeals. The act becomes effective January 1, 1965. Prior to that time, the Department will be required to provide the machinery for the regulation and registration of all farm labor contractors subject to the act. Before that can be done, the act provides that investigations must be conducted with respect to each of the applicants. This



investigation includes: (1) checking the applicant's fingerprints to determine that the applicant has not violated certain State or Federal laws named in the act, and (2) determining that the applicant is financially responsible or has an insurance policy as required by the act.

It is estimated that about 12,000 farm labor contractors and their full-time or regular employees will be subject to the act. In addition to the development of regulations and operating procedures these persons must be fully informed of the provisions of the act applicable to them in sufficient time to permit them to meet the requirements of the act prior to its effective date, January 1, 1965. This has added significance because of the early outward migrations, many of which occur in early January and February. To meet this deadline imposed by the Congress will require immediate action so that the provisions of the act may be promptly implemented. For this reason this request covers the last 9 months of fiscal year 1965; i.e., October 1, 1964, to June 30, 1965. It is requested, therefore, that funds be made available by October 1, 1964.

The implementation of this act and the Secretary's regulations will require direct involvement and participation of the National Office and regional offices of the Bureau of Employment Security, the Office of the Solicitor, and the local offices of State employment security agencies.

The National Office of the Bureau must prepare and distribute all informational and procedural material to be used in the program, instruct all operating personnel in their use, and establish coordination with and between the governmental units involved. All of these actions must occur between October 1 and December 31, 1964, so that the Bureau will be in a position to begin issuing certificates of registration by January 1, 1965.

The Office of the Solicitor will be required to prepare necessary regulations to implement administrative and legal action under sections 4, 5, 6, and 8 of the act both before and after the initial issuance of certificates of registration. Proposed rules must be prepared, published in the Federal Register, reviewed, and promulgated in final form in accordance with the Administrative Procedure Act and the Federal Register Act.

Legal advice and assistance must be given to administrative officials, farm labor contractors, and other members of the public, both before and after the effective date of the act. Advice must be given in the development and review of forms for recording information required of applicants and registrants under the act.

The Office of the Solicitor will review all cases of denials of registration to determine the legal adequacy of the grounds of denial. Each registrant denied application will be given notice of the Department's action and be given an opportunity for a formal hearing before a hearing examiner. The Office of the Solicitor will provide this notice, present the case before the hearing examiner, and prepare the final decisions of the Secretary of Labor based upon the hearing examiner's report.

The Office of the Solicitor will assist the Department of Justice in defending actions brought by aggrieved parties in Federal courts to review administrative decisions of the hearing examiners. Office of the Solicitor attorneys will also review violation investigation case files and recommend, where appropriate, to the Department of Justice initiation of criminal litigation. The Office of the Solicitor will also assist the Department of Justice in the preparation and prosecution of these cases.

As stated, the implementation of this act will involve various levels of Federal and State Governments. The following summary of functional responsibilities is offered as a means of defining briefly the roles of each, and the general pattern of operations. As nearly as possible, the items are arranged in order of anticipated sequence; all are described more fully in the succeeding narratives.

## LOCAL OFFICES OF STATE EMPLOYMENT SECURITY AGENCIES

*Activity No. 1. State Administration*

1. Publicize requirements :
  - (a) Distribute informational pamphlets.
  - (b) Hold meetings with farm labor contractors.
  - (c) Distribute application forms to contractors and others subject to provisions of the act.
2. Receive applications :
  - (a) Assist in completion of forms.
  - (b) Transmit to Bureau's regional offices.
  - (c) Obtain and provide additional information when needed.
3. Receive appeals :
  - (a) Distribute appeal forms.
  - (b) Transmit to regional offices.
4. Receive complaints :
  - (a) Receive in writing complaints made against registered farm labor contractors.
  - (b) Transmit such complaints to the appropriate regional offices of the Bureau.

## BUREAU OF EMPLOYMENT SECURITY

*Activity 2a. Federal Administration*

## A. REGIONAL OFFICES

1. Assist local offices of State agencies :
  - (a) Participate in group meetings with labor contractors.
  - (b) Arrange for regionwide publicity.
  - (c) Participate in local office staff training.
2. Review applications for registration certificate :
  - (a) Check all forms for conformity with requirements, including adequacy of insurance coverage and statement of financial responsibility.
  - (b) Request additional information when necessary.
  - (c) Request clearance with National Office central file.
  - (d) Where necessary, conduct field investigation with respect to pending applications.
  - (e) Transmit to local offices for delivery, notices of disapproval.
3. Conduct field investigations :
  - (a) To determine compliance with recordkeeping requirements of the act.
  - (b) To obtain additional information with respect to appeals.
  - (c) To investigate complaints made against registered labor contractors.
4. Establish cooperative relationships with appropriate State agencies with respect to coordination of registration.

## B. NATIONAL OFFICE

1. Provide national policy and procedural criteria.
2. Give administrative direction of program.
3. Maintain central clearance file.
4. Provide for ADP services in respect to certificates of registration.
5. Establish and conduct working relationships with appropriate agencies for character check.
6. Furnish information for appeal hearings, as required.
7. Provide assistance to hearing examiner.
8. Review field investigation reports and initiate action procedure in case of violations.
9. Prepare and issue certificates of registration for approved contractors and identification cards for their permanent employees.
10. Prepare and transmit to regional offices notices of disapproval.

## OFFICE OF THE SOLICITOR

*Activity 2b, Federal administration*

1. Preparatory work and regulations :
  - (a) Draft rules and regulations necessary to implement the act.
  - (b) Prepare and promulgate rules in accordance with the Administrative Procedure Act and the Federal Register Act.
  - (c) Review and provide legal assistance in the preparation of forms for recording information.
2. Advisory services :
  - (a) Give legal advice and opinions to administrative officials and others concerned with the act.
  - (b) Prepare a comprehensive interpretative bulletin.
  - (c) Give legal advice regarding investigations required by the act.
3. Hearings :
  - (a) Provide notice of denial of certification and a formal hearing as required by the act.
  - (b) Present the Department of Labor position in formal hearings.
  - (c) Prepare final decision of the Secretary or his representative in reviewing the hearing examiner's decision.
4. Litigation :
  - (a) Assist Department of Justice in defending actions brought against the Department of Labor under section 11 of the act. (Includes preparation of pleadings, memorandums, and briefs and formulation of trial strategy and tactics.)
  - (b) Review cases of alleged violations of the act to determine whether grounds for revocation or suspension of a certificate of registration exist.
  - (c) Review alleged violation cases and refer criminal cases to the Department of Justice.
  - (d) Assist the Department of Justice in the presentation of criminal cases.

This request would provide sufficient staff to carry out the responsibilities of the Department of Labor and of the State agencies as outlined above. As noted previously, in order to provide for the effective date of January 1, 1965, it is proposed that funds be made available by October 1, 1964.

## FARM LABOR CONTRACTOR REGISTRATION ACTIVITIES

## ACTIVITY 1. STATE ADMINISTRATION

This request includes \$200,000 to be granted to State employment security agencies to provide for assistance by local offices of the agencies in implementing the act. Staff time for all local office activities is expected to aggregate 29 positions.

Crew leaders and labor contractors subject to the act are homebased in practically all States of the Union. For this reason it is appropriate that the registration of these persons, and the performance of certain other related functions, should take place in any of the more than 1,900 local offices of State employment agencies affiliated with the U.S. Employment Service. However, most crew leaders and labor contractors are located in 15 States, the heaviest concentrations being in Texas and Florida. Accordingly, the Manpower Administrator will delegate to the State employment agencies and their respective local offices, authority and responsibility to perform the functions described below :

1. Publicize requirements of the Farm Labor Contractor Registration Act of 1963 and provide information concerning the act to all persons making inquiry ; and to hold informational meetings with groups of crew leaders and farm labor contractors in all areas where this is appropriate. Distribute application forms for registration.
2. Receive applications for certificates of registration under the act ; to assist in completion of the applications ; to check all application documents for completion and transmit them promptly to the appropriate regional office of the Bureau.
3. Receive written appeals in the case of persons denied certificates of registration, or persons whose certificates have been revoked and to transmit such appeals promptly to the appropriate regional office of the Bureau.



4. Receive in writing complaints made against crew leaders and labor contractors, and to transmit such complaints promptly to the appropriate regional office of the Bureau.

The number of crew leaders and labor contractors who will be subject to the act in 1965 is not known. Estimates put the figure anywhere from 8,000 to 12,000. For purposes of estimating workloads and resultant costs an estimate of 12,000 is used in this request. This estimate is based on experience under the annual worker plan which currently serves some 10,000 groups, all of which would be covered by the provisions of the Farm Labor Contractor Registration Act. It is estimated that at least 2,000 additional groups are in existence and will be required to comply with the new law. It is expected that local office traffic in many traditional areas of heavy labor contractor residence will be excessive in the closing months of 1964 and the spring of 1965. In November and December, before the effective date of the act, it is anticipated that large numbers of migrant crews and groups, including family groups, will seek information concerning their status under the act, even though many may not be obliged to register. Staff time in answering these inquiries will be correspondingly heavy.

To prepare for this traffic it will be necessary to acquire additional staff, and to train the staff in all aspects of the act, and in the Secretary's regulations under the act.

Another circumstance expected to present a heavy workload in 1965 is related to the general character and composition of the crew leader and the farm labor contractor cadre at which the act is generally directed, and the widespread abuses known to be practiced by this group. In this respect it is significant to not that only eight States have laws regulating crew leaders and labor contractors, although interstate and intrastate migrant crews are known to be employed in practically all States sometime during any 1 year.

In the absence of workload experience in this field, staff time has been calculated on the basis of estimated workloads in respect to crews located in known "homebase" States. Allowance has been made for a high volume of traffic in the last 9 months of this fiscal year—approximately 50,000 personal contacts for all purposes; i.e., information, assistance in completing forms, complaints, and appeals. Provision has also been made for staff time involved in handling and transmitting documents.

To perform the foregoing activities, the proposed increase of 29 aggregate positions will be required in the local offices of 15 State employment agencies, beginning October 1, 1964. While some farm labor contractors are home based in all other States, their numbers are light. In these States it is believed the employment agencies can absorb the small workload costs that will be incurred through registration activities under this act, and no funds are requested in respect to them.

This estimate revises earlier estimates which contemplated most of the registration work being performed at various recruiting and contracting centers throughout the country. The establishment of these centers would have been authorized under S. 527, Voluntary Farm Employment Service Act. Since this legislation has not yet been enacted into law, it becomes necessary that the registration activity required under the Farm Labor Contractor Registration Act of 1963 be performed in the local offices of State employment agencies.

*Explanation of cost estimates*

Man-hours of employment.....	55,970
Man-hours per position (including leave).....	1,930
Aggregate positions for fiscal year 1965.....	29
Salary rate.....	\$5,483
<hr/>	
Total personnel compensation costs.....	\$159,000
Retirement at 10.6 percent.....	16,000
<hr/>	
Subtotal of personal services costs.....	175,000
Nonpersonal services at 15 percent.....	25,000
<hr/>	
Total estimated cost.....	200,000

The personnel compensation cost is consistent with the 1965 tentative allocation to the States for which additional positions under the Farm Labor Contractor Registration Act will be allocated. Nonpersonal services costs are estimated at 15 percent which is consistent with experienced costs for new positions in State agencies and with the ratio of nonpersonal to personal services costs in the 1965 allocation.

#### *Activity 2. Federal administration*

The request includes 34 positions (\$214,100 labor and \$85,900 nonlabor) for Federal administration of the act. Administrative and operational services will be provided by the Bureau of Employment Security. Legal services will be furnished by the Office of the Solicitor.

##### *Activity 2a. Bureau of Employment Security*

#### *Development and establishment of program for implementing the Farm Labor Contractor Registration Act*

Implementation of the Farm Labor Contractor Registration Act of 1963 requires administrative and operational functions at both the national office and the regional offices of the Bureau. These encompass a broad spectrum of activities, ranging from the drafting of regulations, the development and issuance of interpretative bulletins, the preparation of operating procedures, and the conducting of investigations. Since the Farm Labor Contractor Registration Act of 1963 is based on the fact that the channels and instrumentalities of interstate commerce are being used by farm labor contractors, it will be necessary to cooperate with the Interstate Commerce Commission.

In order to offer some measure of workload and staffing needs in this new program, the activities described below are those which will be continuous in implementing the act. The tasks essential to organization and the preparation and development of necessary regulations and operating procedures will be undertaken by the present staff. It is expected, however, that the additional staff needed will be acquired 3 months prior to the effective date of the act (January 1, 1965). This will be necessary in order to train the individuals in the procedures and to utilize them in all preparatory work.

The functions to be performed by the Bureau at the regional and national levels are as follows:

#### *Regional offices*

1. Reviewing of all applications for certificates of registration—these will be channeled to the regions from the local offices of the State employment agencies. This activity is basically one of checking for completeness of the application, including details of required vehicle and personal injury insurance and acceptability of fingerprint records, and mailing directly to the Bureau's national office.

2. Investigation for registration: The act requires that the Secretary shall "after appropriate investigation, issue a certificate of registration \* \* \*." This means that all applications for a certificate for registration must be investigated and, while in the main this will consist of a character record check for cooperating agency (see item 4, "National office"), a number of investigations will be necessary in the field. These will relate to statements of financial responsibility, validity of insurance coverage, and mode of paying workers' wages. Since the estimated number of labor contractors is about 12,000 and the number of their "crew leaders" or foremen—also subject to coverage—may be one-fourth as great, a heavy workload is seen in this activity. It is estimated that not less than 2,000 investigations will be conducted in the initial year, and that this number may be appreciably less than in succeeding years.

3. Investigation of complaints: The act requires that all complaints that the labor contractor has failed to comply with the terms of any working agreement entered into or arranged with farm operators, be investigated. Similarly, complaints that the contractor has failed to live up to the terms of any working arrangements made with migratory workers must also be investigated. In view of the large number of crew leaders and migratory workers expected to be employed in 1965 (roughly 420,000) and the abuses which have long been associated with the crew leader and labor contractor system, the investigation workload in this activity area is expected to be time consuming, and the number of cases is difficult to estimate.

4. Conducting of inspections: This activity will be largely centered in the inspection of labor contractor payrolls and in checking with the crew workers to determine that the workers are not being exploited. Spot checks will be made in all States.

5. Develop and initiate publicity on requirements of the Farm Labor Contractor Registration Act; participate with local employment office personnel in group meetings of labor contractors; participate in training staffs of local offices.

#### *National office*

1. The Bureau's Office of Farm Labor Service will provide national policy, administrative direction, and procedures for implementation of the act and the Secretary's regulations.

2. Preparation and issuance of certificates of registration: These will be prepared for all farm labor contractors whose applications for certificates have been approved. Similarly, certification badges will be prepared for all full-time employees of such contractors. The combined volume of these two activities total an estimated 12,000. The certificates and badges will be mailed directly from the national office.

3. Review of investigation and inspection reports: These will be reviewed for content and for appropriateness of action taken or recommended to be taken. The volume is expected to be heavy, as indicated above, and it is expected that in many instances there would be need to check back with the regions for further action.

4. Liaison with the Department of Justice: Because of the requirement that all farm contractors subject to the act be fingerprinted, it will be necessary to develop working relationships with the Department of Justice for the checking of all fingerprint records for criminal histories. The contact in respect to this activity will be direct between the national office and the Department of Justice. Preliminary arrangements have been made with the Department to make record checks on all applicants for registration. For fiscal year 1965 the Department will be reimbursed at the rate of \$1.70 per case for an estimated total of \$20,400. This activity will recur annually, but in fiscal year 1966 it is expected that the Department of Justice will finance the cost.

5. Liaison with the Interstate Commerce Commission: Because of the importance of the Interstate Commerce Commission regulations on interstate migratory travel, working relationships and constant contacts with the ICC national office is expected. Many cases of violations under ICC regulations may be brought to light through field inspections by Bureau representatives. While in some cases these will be handled locally by ICC officials, the absence of these representatives in many areas will require copies of written reports of apparent violations being sent to the national office of ICC for investigation.

6. Preparation for appeal hearings: All appeals from Bureau decisions will be routed back to the national office of the Bureau. While these will be handled procedurally by the Department's Office of the Solicitor, the Bureau will be required to collaborate with that Office on the development of all pertinent material.

7. Staff training: The Bureau will undertake to train all regional representatives in the procedures governing implementation of the Farm Labor Contractor Registration Act. This will be initiated in the October-December quarter of 1964, prior to the effective date of the act, January 1, 1965. Further training will be given as required during 1965.

8. The Bureau's Administration and Management Service will establish and maintain a central index file, utilizing automated data processing equipment, on each registered contractor and crew leader. The file will contain the names of contractors and crew leaders and their addresses, names of crew members, complaint and compliance records, and any law violations or revocation of license information. The principal uses of the file will be for determining eligibility of applicants for renewal of their certification, and for answering inquiries concerning contractors, crew leaders, and crew members. The Service will also develop reporting instructions and clear these instructions with the Bureau of the Budget, extract data from these reports for summaries and analysis, and establish a reports validation program to assure accuracy.

The Bureau of Employment Security will require 26 positions, 19 professional and 7 clerical, and \$238,000 to provide for Federal administrative costs.



*Activity 2b. Office of the Solicitor**Interpretations and opinions*

To carry out the added responsibilities of the Solicitor under the Farm Labor Contractor Registration Act in the area of interpretations and opinions the following legal services must be provided:

1. The drafting of necessary regulations to implement administrative and legal action under sections 4, 5, 6, and 8 of the act both before and after the initial issuance of the certificates of registration which farm labor contractors are required to have on and after January 1, 1965; the preparation of Federal Register documents for the proposed rulemaking as provided in the Administrative Procedure Act and the Federal Register Act; legal review of data, views, and arguments submitted with respect to the proposed rules; and the preparation and publication in the Federal Register of the final rules to be promulgated.

2. Legal assistance in the development and review of forms for recording information required of applicants and registrants under the act.

3. Legal advice, opinions, and interpretations—both written and oral—to administrative officials, to farm labor contractors, to agricultural employers and associations, to Members of Congress, and to interested persons and their legal counsel, concerning the meaning of provisions of the act and the authority conferred thereby and the obligations and prohibitions imposed thereunder.

4. Legal advice regarding investigations required by the act of applicants for certificates of registration; and examination for legal sufficiency of the information in the applications and the proof filed by applicants concerning their financial responsibility or their insurance against liability for personal injury and property damage in connection with the transportation of migrant workers.

5. In connection with all the foregoing, participation by the attorneys engaged therein in necessary conferences with administrative personnel in connection with the development and implementation of the administrative actions required under the act, and with persons outside the Department in connection with problems of application of the act's provisions and those of the regulations issued thereunder.

6. Especially in the developmental stages of the program under the act, participation by attorneys in training sessions for personnel assigned to perform functions under the act and for persons and groups desiring to insure voluntary compliance with its provisions will be needed.

Because of the number of legal tasks that must be performed prior to January 1, 1965, this area must be staffed prior to that date. Because of the volume of workload which is on a continuing basis as above indicated, and because of the general composition of the crew leader cadre at which this act is generally directed and the serious nature and wide variety of the abuses disclosed in the hearings and committee reports on the legislation and referred to in section 2 of the act, it is anticipated that the legal workload in this activity under this act will be very substantial. Particularly in the first few years of the program, a large volume of complaints of violations can be expected, and close examination of the qualifications and the performance of applicants for initial and renewal certification will be required if the act is to fulfill its declared purpose. To perform all of the legal work required in this program, which is basically a licensing and enforcement program the Office of the Solicitor will require three additional positions, two professional and one clerical, and \$22,000.

*Litigation*

The general trial litigation activities of the Division of Litigation will be extended to the judicial and administrative proceedings required by the new legislation as follows:

1. Administrative hearings required by section 5(b) in all cases in which certificates of registration are denied, suspended, or revoked, or are not renewed at the close of the calendar year. In this area, the Division will direct and supervise the regional offices in the handling of administrative litigation in the regional offices, including the preparation of pleadings, the analysis and marshaling of evidence, and the presentation of the case in hearings before a hearing examiner held in accordance with the Administrative Procedure Act. In the initial period of the enforcement of the law, central control and review will be close in order to assure the development of standard policies and procedures, and at the outset the Division will directly participate in the drafting of pleadings and the presentation of the cases.

2. Actions brought against the Department and its officials in Federal courts under section 11 to review administrative decisions of the hearing examiners. In this area, the Division will assist the Department of Justice in defending such actions, both at the trial and appellate levels, in the manner in which it now assists in litigation under the Walsh-Healey Public Contracts Act and the Longshoremen's and Harbor Workers' Compensation Act. This will include drafting of pleadings, memorandums, and briefs, and formulation of trial strategy and tactics.

3. Criminal prosecutions under section 9. The Division will be responsible for referral to the Department of Justice of criminal cases arising under the statute, and will direct and supervise the regional offices in the preparation of the evidence in such criminal cases and in the assistance to the U.S. attorneys in the presentation of such cases.

4. In cases where violations of the act may be alleged in complaints made or may be indicated by information otherwise received, the Division will make legal review of reports and case files to determine whether there is evidence warranting referral for a hearing on the question whether the certificate of a farm labor contractor should be suspended or revoked by reason of acts or omissions by him in contravention of the statute, and preparation of recommendations based on such review.

5. The Division will assist the Bureau of Employment Security in formulating techniques of investigation of alleged violations of the act and criteria for evaluating cases of enforcement for criminal prosecution.

In order to provide these legal services, \$13,000 and one professional employee will be required effective October 1, 1964.

#### *Hearings*

The law provides that the Secretary of Labor may revoke, suspend, or refuse to issue or renew a farm crew leader's registration, if he finds that certain facts exist. However, under the act, such action can be taken only "upon notice and hearing." Since the Department estimated that there are about 12,000 crew leaders operating in the country, and the Congress has found that there is widespread abuse and exploitation of migratory farmworkers by such persons, a large number of hearings can be expected. While the exact number cannot be determined at this time, an estimate of 250 hearings requiring the services of at least 1 additional hearing examiner beginning January 1, 1965, at a cost of \$8,700 is the basis of this request.

The law also provides that all administrative proceedings conducted under its authority shall be subject to the provisions of the Administrative Procedure Act. Accordingly, any person whose registration has been acted upon adversely in these proceedings will be entitled to have his case reviewed by the Secretary. As in the case of Walsh-Healey and ECAB matters, this Division will have the responsibility of preparing the Secretary's decisions in these matters.

#### *Field services*

The regional offices will provide legal services in the administration of this statute, including interpretations and legal advice to officials and to the public, and litigation activities in the enforcement of the provisions of the statute. The functions will include:

1. Providing legal advice, opinions, and interpretations—written and oral—to administrative officials, to farm labor contractors, to agricultural employers and associations, to Members of Congress and to interested persons and their legal counsel, concerning the meaning of provisions of the act and the authority conferred thereby and obligations and prohibitions imposed thereunder.

2. Preparation of all legal documents preliminary to and necessary to the presentation of the case in formal proceedings before a hearing examiner under the Administrative Procedure Act, in support of proposed orders of the Department denying, suspending, or revoking certificates of registration or refusing to renew such certificates.

3. Assistance to the Department of Justice in defending actions brought against the Department in the U.S. district court for review of orders of the hearing examiners in such proceedings.

4. Assistance to the U.S. district attorneys in the prosecution of criminal cases under the act.

The following three regional offices will not be able to absorb the additional work without the addition of one full-time attorney in each region: San Francisco, Dallas, Atlanta. These necessary positions are proposed to be added January 1, 1965, at a cost of \$18,300.

*Workload statistics*

## LOCAL OFFICES OF STATE EMPLOYMENT SECURITY AGENCIES

Fiscal year  
1965<sup>1</sup>

1. Informational contacts.....	50,000
2. Meetings with farm labor contractors.....	200
3. Receiving, checking, and transmitting applications.....	12,000
4. Receiving and transmitting appeals.....	800
5. Receiving and transmitting complaints.....	1,500

## REGIONAL OFFICE, BUREAU OF EMPLOYMENT SECURITY

1. Review of applications for registration, including insurance coverage and statements of financial responsibility.....	12,000
2. Investigation of proof of financial responsibility.....	2,000
3. Investigation of complaints.....	2,000
4. Inspection of housing and facilities and payroll records.....	1,600
5. Inspection of vehicles to determine compliance with ICC regulations..	800
6. Processing of appeals.....	1,000
7. Printing and distribution of informational pamphlets.....	100,000
8. Conducting training conferences in States.....	48

## NATIONAL OFFICE, BUREAU OF EMPLOYMENT SECURITY

1. Determinations re issuance or denial of certificates of registration..	12,000
2. Determination of proof of financial responsibility following investigation.....	2,000
3. Issuance of certificates of registration and identification cards....	13,000
4. Review of complaint investigations.....	2,000
5. Review of inspection reports of housing and facilities and payroll records.....	800
6. Review of inspection reports of vehicles to determine compliance with ICC regulations.....	400
7. Advices of disapproval of applications for registration.....	1,000
8. Processing petitions for reinstatement.....	500
9. Evaluation of program operations.....	11
10. Conducting training conferences in regions.....	11

## OFFICE OF THE SOLICITOR

1. Opinions, written and oral.....	5,000
2. Interpretative bulletin.....	1
3. Federal Register documents.....	10
4. Legal review of proposed denials of certification.....	1,250
5. Formal hearings.....	250
6. Decisions of the Secretary.....	150
7. Reviews of alleged violation cases.....	100
8. Cases referred to Department of Justice.....	20
9. Cases in which the Office of the Solicitor assists the Department of Justice in defending Federal court actions seeking review of administrative decisions of the Department of Labor.....	20

<sup>1</sup> Represents only 6 months (January through June).



## Distribution of field staff

Regional offices	1965		
	Professional	Clerical	Total
New York, N. Y. ....	1		1
Chambersburg, Pa. ....	1	1	2
Atlanta, Ga. ....	4	1	5
Cleveland, Ohio. ....	1	1	2
Chicago, Ill. ....	1	1	2
Kansas City, Mo. ....	1		1
Dallas, Tex. ....	4	1	5
Denver, Colo. ....	1		1
San Francisco, Calif. ....	2	1	3
Seattle, Wash. ....	1		1
Total (field staff) .....	17	6	23

## EXPLANATION OF ESTIMATE BY OBJECT

*Personnel compensation, \$199,100*

This estimate provides for 34 full-time positions or 21.9 net man-years. Of this, 14.5 man-years and \$123,700 are allocated to field personnel compensation and 7.4 man-years and \$75,400 for departmental.

*Personnel benefits, \$15,000*

This estimate will provide for related personnel benefit costs.

Employees' group life insurance.....	\$600
Employees' health benefits.....	2,000
Contributions to CSC retirement fund.....	12,300
Taxes and assessments.....	100
Total.....	15,000

*Travel and transportation of persons, \$22,700*

This estimate provides:

738 days of travel at \$16 per diem.....	\$11,800
Mileage and transportation costs.....	10,900
Total.....	22,700

*Transportation of things, \$1,000*

This estimate will provide for the moving of household goods, shipment of supplies, printed material, and equipment to the field.

*Rent, communications, and utilities, \$12,700*

This estimate will provide for the following:

Rent.....	\$8,400
Communications.....	2,200
Working capital fund.....	2,100
Total.....	12,700

*Printing and reproduction, \$6,900*

This estimate will provide for the printing of forms and publications as follows:

Publications: information pamphlet.....	\$1,000
Forms and schedules.....	3,600
Reproduction services.....	1,200
Working capital fund.....	1,100
Total.....	6,900

*Other services, \$24,700*

This estimate will provide for the following:

Repairs to machines and equipment.....	\$2,400
Working capital fund.....	1,900
Services to other agencies.....	20,400
<b>Total.....</b>	<b>24,700</b>

Provides for the processing and identification of fingerprint cards by the Federal Bureau of Investigation. This is a nonrecurring item in 1966.

*Supplies and material, \$4,300*

This estimate will provide for desk top and duplicating supplies, envelopes, and letterheads.

Supplies.....	\$2,100
Working capital fund.....	2,200
<b>Total.....</b>	<b>4,300</b>

*Equipment, \$13,600*

This estimate provides:

Equipment for new positions.....	\$13,600
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*Grants, subsidies, and contributions, \$200,000*

These funds are to be granted to the States to implement the provisions of the Farm Labor Contractor Registration Act.

*Summary of new positions*

## BUREAU OF EMPLOYMENT SECURITY

## National office:

1 GS-15 Farm Labor Service law enforcement specialist.....	\$16,460
1 GS-14 supervisory Farm Labor Service law enforcement specialist.....	12,075
1 GS-12 computer programmer.....	10,250
2 GS-12 Farm Labor Service law enforcement specialist.....	20,500
1 GS- 6 Secretary.....	5,505

## Regional offices:

14 GS-12 Farm Labor Service investigator.....	143,500
6 GS- 4 clerk stenographer.....	26,880

<b>Total (26).....</b>	<b>235,170</b>
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## OFFICE OF THE SOLICITOR

## National office:

1 GS-14 hearing examiner.....	14,170
3 GS-12 attorney.....	30,750
1 GS-3 clerk stenographer.....	4,005

## Regional offices:

3 GS-11 attorney.....	25,950
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<b>Total (8).....</b>	<b>74,875</b>
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<b>Grand total (34).....</b>	<b>310,045</b>
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Senator PASTORE. The witness is Mr. W. R. Curtis, Deputy Administrator of Employment Security. Are you prepared to explain this?

Mr. CURTIS. Yes, Mr. Chairman.

Senator PASTORE. All right.

Mr. CURTIS. As you pointed out, Mr. Chairman, we are here to request resources to carry out new legislation. The Farm Labor Contract or Registration Act of 1963 was signed by the President on September 7. It becomes effective on January 1 next. On and after that date farm labor contractors who deal with farmworkers who move

across State lines for employment will be required to have a certificate of registration issued by the Secretary of Labor or his designee. Thereafter, such farm labor contractors will be required, in their actual operations, to conform with the specified requirements of the act, in terms of providing information to members of the crews with whom they work.

#### INTERSTATE MOVEMENT OF FARMWORKERS

Between now and the 1st of January, we have the job of providing an opportunity to farm labor contractors who are subject to the act; that is, those engaged in interstate movement of farmworkers, an opportunity to apply for a certificate of registration. We have to make the findings of fact as outlined in the act, and take action on their application; because, on and after January 1, if they operate without a certificate or registration, they will be in violation of the act.

Senator PASTORE. When you say it takes effect on January 1, do you mean that they have to have their certificate on that day? It does not necessarily mean that you cannot set up your organization before January 1.

Mr. CURTIS. Before January 1.

Senator PASTORE. You can, or cannot?

Mr. CURTIS. We can.

Senator PASTORE. That is what you are striving to do now?

#### NEED FOR CERTIFICATE OF REGISTRATION

Mr. CURTIS. We think the law authorizes us to set up the organization in advance of that date, to give all contractors an opportunity to file for a certificate of registration.

Senator PASTORE. Which they must have on January 1?

Mr. CURTIS. On January 1, or they will be in violation of the law.

Senator YOUNG. Did we pass a law requiring that farm labor cannot move from one State to another without getting a license?

Mr. CURTIS. The farm labor contractor, the one who organizes the crews, who transports them, who supervises them, who in most cases pays them—it is the contractor who must have a certificate of registration, or license, not the farmworkers themselves.

Senator PASTORE. In other words, to insure that he is a reputable person and that he is a person of responsibility dealing with these people who go from one place to another. They are not dealing with someone that is unknown to the Federal agency.

Mr. CURTIS. That is right.

Senator SALTONSTALL. You have to interpret who is a contractor. Assume, for instance, Mr. Pastore hired me. I was the only person he hired. Would he be a farm contractor, if he hired me, say, to pick cranberries in Massachusetts?

Mr. CURTIS. No, sir.

Senator SALTONSTALL. When would he become a farm contractor?

Mr. CURTIS. First of all, he must be engaged in transporting or moving workers across State lines.

Senator SALTONSTALL. That is what I mean. Maybe he moved me from Rhode Island to Massachusetts, but he has only one man.

Mr. CURTIS. He has to have 10 or more members in his crew.



Senator SALTONSTALL. In his crew?

Mr. CURTIS. That is right. If they are members of his immediate family, they are not counted as part of the crew.

Senator PASTORE. Could he be a farmer?

Mr. CURTIS. The farmer engaged in recruiting on his own behalf is not subject to the act.

Senator PASTORE. The man we are talking about is a broker?

Mr. CURTIS. That is right.

Senator SALTONSTALL. How many contractors do you figure there are in the United States today?

#### BROKERS SUBJECT TO ACT

Mr. CURTIS. Our estimate of those who will be subject to this act, involved in the interstate movement of farm workers is in the neighborhood of 12,000. Admittedly, that is not absolutely accurate. Statistics are not available, but in the dealings with crew leaders or farm contractors in the farm labor service in the annual worker plan we have worked with this past year some 10,000 crew leaders.

Senator SALTONSTALL. How many laborers are being transferred from one State to another?

Mr. CURTIS. Our estimate is substantial agreement with the estimate given by the gentleman from the Department of Agriculture this morning, some 400,000.

Senator SALTONSTALL. 400,000 laborers being moved from one State to another?

Mr. CURTIS. No, these are not all engaged in interstate movement. We estimate that some 200,000 are involved in the interstate movement of agricultural workers.

Senator SALTONSTALL. This involves more than the interstate movement?

Mr. CURTIS. This involves only the interstate movement. We think there are only 200,000 workers and 12,000 contractors involved in the interstate movement of farmworkers.

Senator SALTONSTALL. 12,000 contractors?

Mr. CURTIS. Yes.

Senator SALTONSTALL. And 400,000—

Mr. CURTIS. About 200,000 workers.

Senator SALTONSTALL. Who are these workers?

Mr. CURTIS. They mostly originate in Florida and Texas and, to a lesser extent, in some of the other Southeastern States. The major flow comes out of Texas and out of Florida.

Senator SALTONSTALL. Do you plan to lay down new regulations for the housing and labor conditions?

Mr. CURTIS. This gives us no authority to specify housing or labor conditions. The law requires only, in that connection, that the contractor furnish the workers information concerning the housing and information concerning the wages. There is no authority for us to get wages, to set working conditions; only that the contractor provide information so that the workers can make their own choice.

Senator SALTONSTALL. How many months should this \$500,000 requested be based on?

Mr. CURTIS. We are asking for it on the assumption that it will become available sometime around October 1, that it will be available

for the remainder of the fiscal year. We assume that we will be able to have our staff on a staggered basis, it will be fully staffed by the middle of October.

TOTAL PERSONNEL REQUESTED

Senator SALTONSTALL. How many new people will you hire?

Mr. CURTIS. We are asking for a total of 29 jobs for State agencies and a total of 34 jobs for the Federal agency.

Senator SALTONSTALL. Couldn't most of your State agencies handle this without additional help?

Mr. CURTIS. There is an additional workload involved. Most States do not have a crew leader register law at the present time.

Senator SALTONSTALL. Most of my offices have been pretty well staffed. They could handle an additional workload without all this money.

Mr. CURTIS. This would provide for all the States only a total of 29 additional jobs. Obviously, these would be concentrated in a comparatively few States. We estimate about 15 States would have a sufficient workload to justify some additional staff, at least one.

Senator SALTONSTALL. Have you made a case before the House for this money?

Mr. CURTIS. No, sir.

Senator SALTONSTALL. Why didn't you?

Mr. CURTIS. We didn't get the legislation in time and didn't get the supplemental estimate to the Bureau of the Budget in time.

Senator SALTONSTALL. That is all I have, Mr. Chairman.

Senator PASTORE. You say you can staff this completely by the middle of October?

STAFF COMPOSITION

Mr. CURTIS. We have now, Mr. Chairman, registers of people who are interested in Federal employment. I think we can utilize those registers to staff quickly.

Senator PASTORE. How many jobs did you ask for when you submitted this to the Budget Bureau?

Mr. CURTIS. We asked for a total of 42 jobs for the State agencies and 49 jobs for the Federal agency.

Senator PASTORE. They granted you what?

Mr. CURTIS. Twenty-nine jobs for the State agencies and 34 jobs for the Federal agency.

Senator PASTORE. What would be their classification?

Mr. CURTIS. In the State agencies, normally the classification of agricultural placement specialist. We would be working primarily through the State employment services, and the State employment services have a farm labor service which employs primarily individuals who work with farmers and farmworkers.

Senator PASTORE. That would be GS what?

Mr. CURTIS. That would be comparable to about a GS-7, on the average.

STATE LIST

Senator PASTORE. When you say State agencies, do you have a list of the States that they would be in?

Mr. CURTIS. Yes, sir; we have a list which, according to our best information, are the States that will have the major load.

Senator PASTORE. Will you put it in the record?

Mr. CURTIS. We will be glad to, sir.

(The list referred to follows:)

*Farm labor contractor registration—Cost of State administration*

State	1965 actual salary rate	Numbers of positions	P/S cost
Alabama.....	\$5,335	2	\$10,670
Arizona.....	6,664	1	6,664
California.....	6,969	2	13,938
Colorado.....	6,024	1	6,024
Florida.....	5,187	6	31,122
Louisiana.....	5,338	1	5,338
Michigan.....	6,157	1	6,157
Mississippi.....	5,957	1	5,957
Missouri.....	4,991	1	4,991
New York.....	5,911	1	5,911
North Carolina.....	5,427	1	5,427
Ohio.....	5,003	1	5,003
South Carolina.....	5,743	1	5,743
Texas.....	5,183	8	41,464
Washington.....	5,010	1	5,010
Total.....		29	159,419
Retirement and fringe benefits at 10.6 percent.....			16,000
Subtotal.....			175,419
Nonpersonal services costs at 15 percent.....			25,000
Total estimated cost (rounded).....			200,000

FEDERAL EMPLOYEES

Senator PASTORE. Then you are asking for 34 Federal?

Mr. CURTIS. That is right.

Senator PASTORE. Why do you need 34 Federal? They are not going to take any applications, are they?

Mr. CURTIS. The State agencies will take the applications.

Senator PASTORE. That is all this amounts to.

Mr. CURTIS. The Federal agency must carry out the Secretary's responsibilities for making the findings necessary before the certificates of registration can be issued. The Federal people will be the ones who make the decision as to whether or not a certificate of registration will be issued.

Senator PASTORE. These people who are in the business of contracting for this migratory labor, they are pretty well established people, they are pretty well known, they have been functioning for a long time. It is only a question of registering, that is all, filling out an application, saying how long they have been at it and with whom they have dealt. They would be generally known in the community in which they operate. I don't see why you need 34 people in the Federal Government to supervise the activity of 29 who are spread over the States.

Mr. CURTIS. This is not their only function, supervising the 29 people in the States. In addition to issuing certificates of registration, the law also requires that, in their day-to-day work, the farm labor contractors conform to certain specified requirements in the act. It is a Federal responsibility to maintain a compliance program



to assure that the contractors do in fact live up to the provisions of the act.

Senator PASTORE. Yes, but the man who will enforce that will be the man in the State on the field, won't he?

Mr. CURTIS. No, sir.

Senator PASTORE. Why not?

Mr. CURTIS. This is a Federal responsibility.

Senator PASTORE. You mean you will have someone in the State agency take the application and meet with these people. Then you are going to send somebody from the Federal Government to see that they are doing their job?

Mr. CURTIS. The State agencies will take the applications because the State agencies have the machinery scattered over the country where the farm labor contractors are. The farm labor contractor, when he recruits his crew and starts moving with his crew, will not be in the State of origin, he will move to other States. On the east coast, they move all the way to New England; in the middle part of the country, they move all the way to the Canadian border. It will be necessary for us to follow the crew leader as he goes from State to State to make sure that he does comply with requirements of the law in his actual employment contracts with growers.

#### CONTRACTORS

Senator YOUNG. Are you going to try to follow all 12,000 of these contractors?

Mr. CURTIS. It will be necessary to follow them in the sense that if a worker, a member of a crew, files a complaint, it is our responsibility, it will be a Federal responsibility, to check that complaint. It will be necessary for us to make spot checks. We would propose to have at least one staff member in the regional office.

Senator PASTORE. What complaint would he make?

Mr. CURTIS. That the contractor is not living up to the agreement that he had with the worker when he started out.

Senator PASTORE. In what respect?

Mr. CURTIS. That he may not be paying what the farm labor contractor agreed to pay; that the housing may have been represented to be free, when actually the worker is being charged for the housing; or that the contractor agreed to provide return transportation and is now trying to charge for the return transportation. The workers can complain of any of the conditions of employment or the contract of hire.

Senator PASTORE. Have we had many complaints like that up to now?

Mr. CURTIS. We have not had the law, sir.

Senator PASTORE. I know that, but we have had the workers.

What I am trying to find out is what is the genesis for this.

Mr. HUDSON. The history of this legislation, as I understand it, Mr. Chairman, is that there have been enough abuses by the contractor in his relationship with the migrant worker which causes the need for this legislation. At least this is the way it was represented. It was on this basis that the Senate passed this legislation.

## HOUSE HEARINGS

Mr. ALBERT. There were extensive hearings before Senator Harrison Williams' committee. Because of the type of abuses that came in to the committee, and these were from the State people, it was felt that it was necessary to have a Federal program. States could not control that very well since this migratory pattern moved these people out of their States before they could do anything about it. The type of abuse that Mr. Curtis was speaking of was cited in the committee report as justification for the passage of the act which passed the House, I believe, by a majority of 343 to 71.

Chairman HAYDEN. From what committee of the House was it reported?

Mr. ALBERT. Education and Labor Committee.

Senator YOUNG. It seems to me that you ought to be able to figure out a better way of administering this program at the State level. The State employment offices ought to be able to administer the program.

Mr. HUDSON. The problem is that you have migrants that originate in Florida, go to Rhode Island. The State of Rhode Island has no control over the contractual agreement made in Florida between the crew leader and the migrant worker.

Senator YOUNG. Maybe you need some Federal people to follow through from one State to the other. I think the primary responsibility should be given to the State—at least try it out on that basis.

## COMPLAINTS

Senator PASTORE. Let us assume that you have a migrant worker who ends up in Rhode Island—I don't think we have any, but let us assume he ends up in Massachusetts, and he has a complaint. What does he do, write a letter? How does he get the fellow in the Federal Government to help him? Where does he go to make his complaint? First of all, he is working for peanuts anyway and he needs somebody else's help to make sure that the contractor's agreement is lived up to. How would you enforce his complaint?

Mr. CURTIS. We hope to be able to work out arrangements with the State employment service for receiving the complaints and routing them through to us, the Federal agency. At that point we would pick them up and make the investigation.

Senator PASTORE. Do you still need 29 people in Washington?

Mr. CURTIS. No, sir; they are not in Washington. They are predominantly in our regional offices over the country. Twenty-three of the 34 jobs are in regional offices. We will have only a small handful in Washington. They will be scattered in the 11 regional offices throughout the country.

## WORK UNDER ADMINISTRATIVE PROCEDURE ACT

Mr. HUDSON. There is one other function that we have not touched on which involves what happens if we deny a certificate or revoke one. This requires work on our part under the Administrative Procedure Act.

Mr. ALBERT. The statute makes the Administrative Procedure Act applicable to any administrative process under it. It means, therefore, that whenever you propose to deny a certificate or you propose to revoke one for the various grounds set forth, you must have a hearing.

A man will ride the circuit from the national office to conduct hearings whenever a certificate is denied. Of course, there are some legal services involved in connection with the hearing. There has to be counsel to represent the Government's position.

Senator PASTORE. Well, this law becomes effective on January 1, 1965. That is, these contractors have to have a license or certificate. Is that compulsory?

Mr. ALBERT. Well, it leaves them with the alternative that, if we do nothing, they can either go out of business on January 1 or operate at the risk of violation of the law. It puts us in a rather awkward position.

Senator PASTORE. The requirement of the law is that they have to have it on January 1, 1965.

Mr. ALBERT. Effective January 1.

Senator PASTORE. You have to process all these applications before that.

Mr. ALBERT. That is right. We hope so.

(The statement referred to follows:)

STATEMENT OF ADMINISTRATOR, BUREAU OF EMPLOYMENT SECURITY, ON THE 1965 APPROPRIATION REQUEST FOR IMPLEMENTATION OF THE FARM LABOR CONTRACTOR REGISTRATION ACT OF 1963

Mr. Chairman, as you know, the Farm Labor Contractor Registration Act, passed by the Senate in June 1963 and by the House in August of this year, became Public Law 88-582 on September 7 when signed by President Johnson. This act has significance for agricultural labor for a number of reasons. Migrant agricultural workers are employed in many areas of our Nation to cultivate and harvest the crops. Many of these migrants travel and work under the direction of a leader—a crew leader. This is a system which has developed over the years as a group the workers can frequently travel more economically, and the nominal leader—the crew leader—is in a position to bargain more effectively with the prospective employer for the entire group.

But too often some individuals who led the crews were opportunists who took advantage of their fellow workers. Workers were sometimes overcharged for transportation, underpaid for their labor, and terms of the work contract were misrepresented.

Enactment of the Farm Labor Contractor's Act by the Congress during this session will allow correction of some of this abuse. As authorized by the law, the undesirable element can be eliminated from participating in the farm labor migratory movement. Migrant workers, made fully aware of the purpose of the law through an educational program, will learn that they can obtain assistance under the law and will cooperate in improving their working conditions.

The authority for administering this act rests with the Secretary of Labor and has been redelegated by him to the Manpower Administrator. Within the Manpower Administration the Office of Farm Labor Service of the Bureau of Employment Security has been assigned the task of carrying out functions required by the act. Legal services will be provided by the Office of the Solicitor.

The Farm Labor Service, through its interstate placement arrangements, works on the problem of employment for migrant agricultural crews throughout the year. I'm sure you are familiar with the annual worker plan, which affords such workers job continuity. Many crews now avail themselves of this service. Over 10,000 such groups were contacted during 1963, and assistance was provided in the development of over 8,000 work schedules. A form of the annual worker plan has been an integral part of the Farm Labor Service activity for many years, and has been in operation throughout the Nation for almost 10 years.



While the Bureau has been intimately involved in working with migrant crews since 1948, when agricultural labor again became its responsibility, the experience of individual farm placement representatives in the State and local offices of the public employment service dates back farther.

Correction of the abuses in the crew leader system is going to require the close cooperation of State public employment services and the Federal Government. The law provides for registration of crew leaders, determination of eligibility for a certificate of registration, a system of appeals, and places certain obligations on the crew leader to provide workers with information concerning the terms and condition of their employment. Briefly, these responsibilities will be handled as follows:

The State employment services, through their approximately 1,900 local offices, will publicize the new program widely and receive applications from prospective crew leaders for transmittal to the Bureau. They will also receive appeals resulting from ineligible determinations and receive complaints from crew members against registered farm labor contractors.

The Bureau will develop all administrative policy and procedures, and will furnish assistance to State agencies as needed, particularly in the areas of publicity and training. It will review all applications for registrations, conduct field investigations where necessary, to certify information and investigate complaints; issue certifications of registration to crew leaders and identification cards to permanent employees of certified contractors; issue notices of disapproval; and maintain a central clearance file. The Bureau will also cooperate with the Office of the Solicitor in the appeal and hearing of disqualifications.

The Office of the Solicitor will draw up legal regulations, provide legal advice and assistance to administrative officials, farm labor contractors, and members of the interested public; will review all cases of denials of registration to determine the legal adequacy of the grounds of denial; provide notice of denied applications; present cases before hearing examiners; and prepare the final decision of the Secretary of Labor based upon the hearing examiner's report. The Office of the Solicitor will assist the Department of Justice in defending actions brought by aggrieved parties in Federal courts to review administrative decisions of the hearing examiners. It will also review violation investigation cases.

As you can see, this will be a comprehensive program, calling for action by a number of levels. It is imperative that portions of that action begin immediately. The new law becomes effective on the first day of next year—January 1, 1965.

Between today and that date it will be necessary to develop more fully the necessary regulations and operating procedures. Adequate lines of communication will have to be developed with other Federal governmental agencies concerned with implementation of the act. State employment agencies and other State agencies concerned will have to be informed of the program's provisions, and the necessary staff training conducted. As with any new program, the required paperwork and forms will have to be developed, printed, and distributed. Between today and the end of the year, a broad program of education must be directed at the farm labor contractors, members of the migrant crews, and the interested public, if compliance with the law is to be achieved. Finally, it will be necessary to receive applications for certificates of registration and act on them.

The cost of the program during fiscal 1965 is estimated at \$500,000. The sum includes funds for State employment service agencies as well as the operating expenses of the Bureau of Employment Security and the Office of the Solicitor.

To summarize: the funds which we are requesting to carry out this much-needed legislation will allow the following action:

Local offices of the State employment service agencies will publicize the program and make contact with the farm labor contractors. They will take applications, take appeals from disqualifications and receive complaints.

Bureau representatives will coordinate the State activities, authorize registration certifications; conduct field investigation on applications and complaints; disapprove applicants failing to qualify under the law; and cooperate with the Office of the Solicitor in the hearing of appeals. The Office of the Solicitor will furnish legal counsel to all concerned; assist in any necessary litigation; and review alleged violations of the act.

Mr. Chairman, this concludes my statement on the Farm Labor Contractor Registration Act request.

Senator PASTORE. Is there anything further?

Thank you, gentlemen.

Senator Harrison Williams of New Jersey intended to appear and make a statement regarding this item, but he was unable to do so because of other commitments. We will insert the prepared statement of Senator Williams in the record at this point.

(The statement referred to follows:)

STATEMENT OF HON. HARRISON A. WILLIAMS, A U.S. SENATOR FROM THE STATE OF NEW JERSEY ON AMENDMENT TO SUPPLEMENTAL APPROPRIATION ACT TO PROVIDE FUNDS FOR THE ADMINISTRATION OF THE FARM LABOR CONTRACTOR REGISTRATION ACT OF 1963

I am certainly happy to appear before this committee in support of the last legislative step toward fulfillment of the purpose of Congress in the enactment of the Farm Labor Contractor Registration Act, Public Law 88-582. It is, I believe, no secret that I have been particularly concerned with the problems of the migratory farmworkers of the Nation. The approval of the Farm Labor Contractor Registration Act, on September 7, together with the important farm labor provisions in other legislation enacted this year, now reflect the concern of the entire Congress for our migrant farm citizens.

By the terms of the act, which was signed by the President on September 7, those farm labor contractors who are covered are prohibited after January 1, 1965, from operating in that capacity unless they have obtained a certificate of registration from the Secretary of Labor. This certificate can be issued only upon filing of fingerprints and certain required information relating to method of operation, insurance coverage, and financial responsibility, all of which require an appropriate investigation by the Department of Labor as to whether the statutory requirements have been met. The law, in accordance with traditional American practice, also requires notice and opportunity for hearing prior to the denial, suspension, revocation, or refusal to renew any certificate of registration. It is necessary, therefore, that the Department of Labor be afforded funds required to carry out these functions if farm labor contractors are to be permitted to operate in accordance with the requirements of the law. It was certainly not the intent of Congress in passing this legislation to compel farm labor contractors to choose on January 1, between going out of business or operating in violation of the law. This result, however, seems to be inevitable unless funds are made available so that the statute can be properly implemented and the necessary licenses issued.

As chairman of the Subcommittee on Migratory Labor and principal sponsor of this legislation, and on the basis of the information obtained through extensive hearings of the subcommittee, I feel that the amount requested by the President, although less than adequate, represents the bare minimum required to get this program underway. The exact number of farm labor contractors or crew leaders in the United States is not known. Estimates of the Department of Labor in 1961 were in the neighborhood of 8,000 and currently run about 12,000. The addition of the fingerprinting requirement by the House, which strengthened the measure, suggests, upon our knowledge of State experience with similar requirements, that criminal records are not uncommon and that denial of a good many licenses upon this ground can be expected.

The formulation of rules and regulations, the preparation of application and license forms, the indoctrination of contractors to the requirements of the law, the denials and revocations of licenses which may be anticipated involving formal hearings and decisions create a framework of administrative and legal process in which the President's request for funds appears very frugal. Since the program is a new one, respecting which limited experience and information are available, I would also urge that reasonable flexibility be provided for the interchange or adjustment of allocations between the administrative and legal functions required by the act.

I am confident that the support of all who found this legislation so necessary in its enactment will be equally extended to its proper execution. I urge, therefore, that the President's request for funds by way of an amendment to the supplemental appropriation act be given favorable consideration.

Senator PASTORE. I have received a letter from the Bureau of the Budget dated September 18, 1964, in which is requested committee consideration to add language to the supplemental bill that would make inapplicable this fiscal year the proviso in the regular appropriation bill that limits the compensation of any employee of the Commission on Civil Rights to not to exceed \$20,500 per annum.

(The letter referred to appears on p. 753.)

COMMITTEE RECESS

Senator PASTORE. The committee will stand in recess, subject to the call of the Chair.

(Whereupon, at 3:40 p.m., Tuesday, September 22, 1964, the committee recessed, subject to the call of the Chair.)





# AGENCY APPEALS OR REQUESTED AMENDMENTS

## DEPARTMENT OF AGRICULTURE

SEPTEMBER 22, 1964.

HON. CARL HAYDEN,  
*Chairman, Committee on Appropriations,*  
*U.S. Senate,*  
*Washington, D.C.*

DEAR SENATOR HAYDEN: Submitted herewith are the Department's comments on the pending supplemental appropriation bill (H.R. 12633).

### MEAT INSPECTION

We strongly urge restoration of the House reduction of \$132,000 in the supplemental request of \$1,357,000 for meat inspection. The Department faces a critical need for additional meat inspectors to meet the rapidly expanding workload. The number of new establishments requiring Federal inspection continues to increase each year, and many existing establishments are expanding production operations. Unless the full estimate is approved, it will not be possible to provide the inspection services needed to avoid slowing up production in the meatpacking establishments. This, in turn, will reduce employment by the plants below that which they would otherwise attain.

### FOOD STAMP PROGRAM

The bill provides \$25 million for expenses of the food stamp program pursuant to the Food Stamp Act of 1964. This includes a direct appropriation of \$15 million and \$10 million to be transferred from section 32.

The additional \$25 million will result in \$60 million being available in 1965 for the orderly expansion of the food stamp program authorized by the Food Stamp Act of 1964. This supplemental appropriation was anticipated at the time the regular 1965 appropriation for the Department of Agriculture was before the Congress and the \$35 million appropriated in the regular act was intended to be used under the Food Stamp Act upon its enactment.

Although the language in the House bill does not provide for the single account financing proposed in the supplemental estimate, the Department believes that, in view of the action taken on the 1965 Appropriation Act, if the Senate approves the House bill, which we recommend, it will be clear that it is the intent of the Congress that the \$35 million in the regular appropriation act will be available for the expanded program as needed.

### RURAL HOUSING FOR DOMESTIC FARM LABOR

The President recently submitted a supplemental estimate of \$8 million for financial assistance in providing rural housing for domestic farm labor, together with an additional \$400,000 for related salaries and expenses of the Farmers Home Administration. We recommend your approval of these estimates.

All other items for the Department of Agriculture in the supplemental appropriation bill are satisfactory to the Department.

Representatives of the Department will be glad to supply any additional information you may need for the consideration of these estimates.

Sincerely yours,

JOSEPH M. ROBERTSON,  
*Assistant Secretary for Administration.*

NATIONAL COMMISSION ON FOOD MARKETING

EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
*Washington, D.C., September 23, 1964.*

HON. CARL HAYDEN,  
*Chairman, Committee on Appropriations,  
U.S. Senate,  
Washington, D.C.*

DEAR MR. CHAIRMAN: H.R. 12633, the Supplemental Appropriations Act, 1965, now before your committee, includes \$700,000 to finance the activities of the National Commission on Food Marketing. This is \$300,000 less than originally requested; however, due to the lateness in getting started and the uncertainty as to the Commission's needs for the remainder of this fiscal year, we see no reason at this time to include more than \$700,000 in the bill.

We will be glad to supply any additional information you may require.

Sincerely,

CHARLES L. SCHULTZE, *Assistant Director.*



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SEPTEMBER 21, 1964.

HON. CARL HAYDEN,  
*Committee on Appropriations,*  
*U.S. Senate,*  
*Washington, D.C.*

DEAR SENATOR HAYDEN: The Commissioners transmit herewith for the consideration of your committee a change desired by them in the supplemental appropriation bill, 1965, as reported by the Committee on Appropriations of the House of Representatives on September 17, 1964.

The change requested affects the general fund of the District of Columbia as follows:

Appropriation	Amount reduced by House Committee on Appropriations	Amount requested to be restored
Operating expenses: Health and Welfare, Public Health.....	-\$113,000	\$110,000

The restoration of \$110,000 requested will enable the Department of Public Health to make additional payments to Children's Hospital by conducting detailed financial investigations or casework studies of families of children receiving medical care at Children's Hospital. In many instances during the past fiscal year children were treated at Children's Hospital whose families were unable to pay for such treatment and yet did not meet the District's eligibility standards for financial aid. This is considered to be the basic reason for the critical financial situation at this institution. It is estimated that these individual determinations of each family's resources and ability to pay without strict adherence to existing standards of eligibility will result in additional payments totaling \$100,000 to Children's Hospital.

The remaining \$10,000 is requested for one social worker and a clerk-typist to conduct the individual investigations.

As indicated in the document transmitting this request to the House of Representatives, the following appropriation language will be required:

"For an additional amount, fiscal year 1965, 'Health and Welfare,' including not to exceed \$100,000 to reimburse Children's Hospital for care of children of parents not eligible for assistance under existing standards of eligibility but found, after individual examination, to be unable to meet the cost of medical care, \$110,000."

Your consideration of this request is greatly appreciated.

Sincerely yours,

JOHN B. DUNCAN,  
*Acting President, Board of Commissioners, District of Columbia.*

## NATIONAL HISTORICAL PUBLICATIONS GRANTS

GENERAL SERVICES ADMINISTRATION,  
*Washington, D.C., September 21, 1964.*

HON. CARL HAYDEN,  
*Chairman, Committee on Appropriations,  
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: The supplemental appropriation bill, 1965, H.R. 12633, reported to the House of Representatives on September 17, 1964, included an item for the General Services Administration under the heading "National Historical Publications Grants" in the amount of \$350,000.

This appropriation is to provide funds to carry out provisions of the act of July 28, 1964 (Public Law 88-383), which authorizes appropriations of \$500,000 for the fiscal year 1965, and for each of the 4 succeeding fiscal years, for grants to State and local agencies and to nonprofit organizations and for allocations to Federal agencies for the purpose of collecting, reproducing, and publishing source materials significant to the history of the United States.

Funds provided will finance a program to make available to colleges and universities and other research institutions unique historical source material of importance to an understanding of the history of the United States and augment research materials available to students, teachers, and scholars in our schools.

We are appealing to your committee to restore this item to the full amount of \$500,000 requested in our budget estimate, the compelling reason being that the program is limited to 5 years and a \$500,000 appropriation for each of those years. If the full amount is not made available for 1965 we will be unable to carry out the full intent of Public Law 88-383, and in some instances adequate grants will not be made to agencies and institutions which become eligible.

The necessary amendment to the House language is enclosed herewith and detailed justification in support of this item is on file with the staff of your committee. We will be glad to discuss this further at such a time as you may schedule.

Sincerely yours,

BERNARD L. BOUTIN, *Administrator.*

### NATIONAL HISTORICAL PUBLICATIONS GRANTS

#### PROPOSED AMENDMENT

On page 4, line 20 of the bill as reported to the House, strike out "\$350,000" and insert in lieu thereof "\$500,000".

HOUSING AND HOME FINANCE AGENCY

WASHINGTON, D.C., September 22, 1964.

HON. CARL HAYDEN,  
 Chairman, Committee on Appropriations,  
 U.S. Senate, Washington, D.C.

DEAR SENATOR HAYDEN: This is in response to the request of the staff of the Senate Committee on Appropriations with respect to the further consideration by your committee of the supplemental appropriation bill for 1965, H.R. 12633.

There are enclosed 17 copies of each of the amendments which we recommend that your committee propose in the bill as it was reported by the House Committee on Appropriations. The suggested amendments are briefly identified in the attached reference list.

I cannot too strongly urge your favorable consideration of these amendments. Enactment of the recommended appropriations and limitations is vital to the successful implementation of the Urban Mass Transportation Act of 1964, the initial administration of several new provisions of the recently enacted Housing Act of 1964, and for the continuation of other on-going housing and community development programs at annual levels reasonably consistent with continued evidence of demand.

If your schedule permits, we will be glad to appear before the committee in connection with the proposed amendments.

Sincerely yours,

ROBERT C. WEAVER, *Administrator.*

*Summary of proposed amendments to the supplemental appropriation bill, 1965  
 (H.R. 12633 and H. Rept. 1891)*

Proposed amendments	Union Calendar bill		Increase requested
	Page No.	Line No.	
TITLE III			
Office of the Administrator:			
Salaries and expenses .....	5	12	<sup>2</sup> \$165,000
Urban mass transportation grants .....	5	6	<sup>2</sup> 150,000,000
Urban mass transportation loans .....	5	9	2,500,000
Administrative expenses, urban transportation activities .....	5	14	187,500
Urban planning grants .....	5	17	11,325,000
Open space land grants:			
Program appropriation .....	5	117	<sup>2</sup> 15,000,000
Staff expense limitation .....	5	117	(138,000)
Low-income housing demonstrations:			
Program appropriation .....	5	21	1,250,000
Staff expense limitation .....	5	21	(30,000)
Public works planning fund .....	6	7	2,000,000
Federal-State training programs:			
Program appropriation .....	6	17	5,075,000
Staff expense limitation .....	6	17	(75,000)
Public Housing Administration: Administrative expenses .....	6	17	75,000

<sup>1</sup> After.

<sup>2</sup> Appropriation language required.

Source: Division of Budget and Management, Office of the Administrator, Sept. 22, 1964.



## SALARIES AND EXPENSES

(Estimate, \$165,000; proposed by committee, 0)

(House hearings, pt. 2, pp. 52, 57, 60-61, 77, 80)

Page 5, after line 2, insert the following:

## "SALARIES AND EXPENSES

"For an additional amount for "Salaries and expenses", \$165,000."

the estimate, and an increase of \$165,000 over the amount allowed by the House committee.

## HOUSE REPORT

(Pertinent excerpts, H. Rept. 1891, p. 10)

"The committee has denied the \$165,000 requested for the Office of the Administrator \* \* \* for additional staff to administer provisions of the Housing Act of 1964. The committee believes that any increased activity that may be occasioned by the new Housing Act can be absorbed by the presently authorized staff."

## JUSTIFICATION

*Summary*

The requested \$165,000 appropriation must be available during fiscal year 1965 if the Urban Renewal Administration is to be able to make an effective start on the new relocation provisions contained in the Housing Act of 1964. It will not be possible to absorb the increased activities within the presently authorized staff; in truth it is doubtful that the appropriation available in the regular act will be sufficient to maintain the authorized number of positions. Requests for increase in the the total authorized positions and employment consistent with the continuously growing workload were denied in the appropriations for 1964 and again for 1965. The amount provided in the current Independent Offices Appropriation Act will require the reduction of employment in the urban renewal program to below the level of June 30, 1963.

The Housing Agency expects that about \$75 million will be committed in the current fiscal year for increased relocation payments in connection with projects already underway, in addition to the higher amounts to be committed in connection with new projects which will be committed this year. The \$165,000 request for administrative expenses appears to be a very modest investment in assuring that this large amount of Treasury funds is spent according to the requirements of law and regulation.

*New provisions of law*

Section 310 of the Housing Act of 1964 includes new provisions for additional relocation services and payments to families, individuals, and businesses, to be administered within the framework of the urban renewal programs. In broad terms, the main provisions of the new law are as follows:

*Families and elderly individuals (62 years of age or over).*—A relocation adjustment payment to assist in the acquisition of decent, safe and sanitary housing may be made to those in this category who are displaced after January 27, 1964, and are unable to secure public housing. Payments are to cover the difference between the average monthly rental required for standard housing of modest means and 20 percent of the monthly income of the displaced family or elderly individual. The total payment authorized is the amount required to make up the difference for 12 months but not to exceed \$500.

*Business concerns.*—Displaced businesses with average net earnings of less than \$10,000 per year may receive a payment of \$1,500 in addition to other relocation provisions in existence before the Housing Act of 1964.

The law requires that 100 percent of these payments be borne by the Federal Government by reimbursement to the local public agency after the payments have been made to the relocatees.

*Staffing request*

The requested \$165,000 appropriation would provide funds for 30 additional positions to handle the workload involved in the new provisions. Details of these positions and cost will be found on pages B-3, B-4, and B-5 of the justification submitted to the House Appropriations Committee in connection with the estimates in House Document 346.

## URBAN TRANSPORTATION ACTIVITIES

(House hearings, pt. 2, pp. 17-47)

## (1) URBAN MASS TRANSPORTATION GRANTS

(Estimate, \$225 million; proposed by committee, \$75 million)

Page 5, line 6, after "\$75,000,000", strike out the period and insert in lieu thereof "for the fiscal year 1965, \$150,000,000 for the fiscal year 1966", the estimate, and an increase of \$150 million above the amount allowed by the House committee;

## (2) URBAN MASS TRANSPORTATION LOANS

(Estimate, \$5 million; proposed by committee, \$2,500,000)

Page 5, line 9, strike out "\$2,500,000" and insert in lieu thereof "\$5,000,000", the estimate, and an increase of \$2,500,000 above the amount allowed by the House committee;

## (3) ADMINISTRATIVE EXPENSES, URBAN TRANSPORTATION ACTIVITIES

(Estimate, \$375,000; proposed by committee, \$187,500)

Page 5, line 14, strike out "\$187,500" and insert in lieu thereof "\$375,000", the estimate, and an increase of \$187,500 above the amount allowed by the House committee.

## HOUSE REPORT

(Pertinent excerpts, H. Rept. 1891, p. 9)

*"Urban transportation activities.*—The committee has approved \$75 million of the \$225 million requested for urban mass transportation grants, \$2,500,000 of the \$5 million proposed for urban mass transportation loans, and \$187,500 of the \$375,000 budget estimate for expenses of administering the mass transportation program authorized by Public Law 88-365, approved July 9, 1964. The \$150 million contained in the budget estimate for advance funding of the grant authorization for fiscal year 1966 is denied at this time. Progress of the program will be reviewed during the consideration of the regular appropriation bill next year."

## JUSTIFICATION

(1) *Urban mass transportation grants.*—The proposed supplemental appropriation would have provided advance funding—as authorized in the substantive law—of \$150 million for fiscal year 1966; the House committee recommendation would cut out this amount. Advance funding, through an appropriation becoming available for obligation on July 1, 1965, is important to the successful operation of the new urban mass transportation grant program by providing assurance to applicant communities and others that Federal assistance for the local undertaking will be available when required. Projects to be assisted under the Urban Mass Transportation Act of 1964 will be complex undertakings involving long leadtimes; many communities will find it difficult if not impossible to begin the time-consuming and expensive preparation of applications and program plans without assurance of available funds.

Apart from the technical difficulties applicants must deal with in the development of a project application, there are important and rather difficult requirements under the act. Each project must be necessary for carrying out a program for a unified or officially coordinated urban transportation system as a part of the comprehensively planned development of the urban area. Such a program must be necessary for the sound, economic, and desirable development of the urban area. The development of an urban transportation program will require considerable effort on the part of the local community. An especially long lead-time will be involved if the transportation system cuts across geographic lines of local governmental units.

At the same time the community is planning its local transportation system as part of the forward looking plan for the entire urban area, consideration must be given to the financial requirements under the act. The applicant must provide one-third of the net project cost in cash for each project from sources other

than Federal funds or anticipated revenues. The applicant's share may be obtained, for example, through the issuance of general obligation bonds based on the taxing powers of the local government.

In many instances a public referendum must be held before a bond issue may be made. A public referendum is time consuming and it is often difficult to get a bond issue unless the community has some hope it will be able to use funds provided by the bond issue. In addition, assurance of a continuing Federal program will facilitate the selling of bonds to private investors who will be favorably impressed by the fact that funds will be available to finish, as well as begin, major projects. Such assurance should have a highly beneficial effect on interest rates.

(2) *Urban mass transportation loans.*—The supplemental appropriation request would have provided \$5 million for urban mass transportation loans; the recommendation of the House committee is for \$2,500,000 and restoration of the full amount of the estimate is requested.

The loan program as authorized in the Housing Act of 1961 and reactivated by the Urban Mass Transportation Act of 1964 is designed to assist transit operations which are able to finance needed improvements and extensions of their transportation facilities out of revenues, but which cannot borrow the necessary funds on reasonable terms. The interest rate is established under a formula based on the cost of Treasury borrowing, which will produce a rate of 4 percent for fiscal year 1965.

Since the passage of the Urban Mass Transportation Act of 1964, 29 communities, through direct inquiry, have indicated local transit situations in which loans under the new program could be helpful. The six communities including an estimate of amounts of money involved show a total of approximately \$3 million in potential loans, primarily to finance new buses and terminal improvements. Thus, it is evident that the loan program is generating a somewhat larger interest than had been experienced under the temporary program authorized by the 1961 legislation. This expanded interest can be accounted for, principally, by the increasing attention being devoted to transit problems by local communities as a result of the Federal activities over the past 3 years, and by prospect of real financial assistance to carry out improvements found to be needed.

While the major portion of this assistance will necessarily be in the form of grants, as authorized under the 1964 legislation, these inquiries emphasize the desirability of an adequately funded loan program. Where the gross cost of a project can be financed from revenues, provided the interest charges and other terms are better than those prevailing in the private market for transit loans, the need for a Federal grant to accomplish the public service objectives can be avoided through a loan which will be repaid to the Government.

(3) *Administrative expenses, urban transportation activities.*—The supplemental appropriation request of \$375,000—reduced by the action of the House committee to \$187,500—was intended to provide the minimum staff necessary to make an effective start on the new program in the Urban Mass Transportation Act of 1964—an act which the President cited as “by any standard one of the most profoundly significant domestic measures to be enacted by the Congress during the 1960’s.” Reduction of administrative expense funds to \$187,500 would cripple the program by requiring a drastic reduction in both quantity and quality of professional service.

The amount provided by the House committee (\$187,500) together with the \$100,000 available from the Independent Offices Appropriation Act, 1965, for the former limited demonstration program, would provide only about 25 percent of the increase in staff requested for this year. This would be only 9 or 10 of the 36 additional technical employees with engineering, financial, and planning skills required to begin the new program.

Inadequate consideration of the complex and novel problems that will arise under the new legislation will be costly to the Government and can result in financial difficulties for the local communities and the transit operators the act is intended to assist. The need for adequate staffing is particularly acute in the early stages of the program, when guides based on experience will not be available either to applicants or to the Agency.



## URBAN PLANNING GRANTS

(Estimate, \$22,650,000; proposed by committee, \$11,325,000)

(House hearings, pt. 2, pp. 57-64)

Page 5, line 17, strike out "\$11,325,000" and insert in lieu thereof "\$22,650,000," the estimate, and an increase of \$11,325,000 above the amount allowed by the House committee.

## HOUSE REPORT

(Pertinent excerpts, H. Rept. 1891, pp. 9-10)

*"Urban planning grants.*—A budget estimate for \$25 million was previously considered in connection with the Independent Offices Appropriation Act for 1965, but only \$2,350,000 was provided at the time as further authorization for appropriations was required for the balance of the estimate. This authorization has been provided by the Housing Act of 1964, and the committee is recommending an additional \$11,325,000, making a total of \$13,675,000 available for grants to help finance surveys and urban renewal plans in small cities and metropolitan or regional areas."

## JUSTIFICATION

*Summary*

Restoration of the budget estimate is essential to provide for the continued forward movement of the urban planning assistance program. Approval of the full supplemental appropriation of \$22,650,000 would make possible a program of \$25 million in grants to assist State, county, and local governments in planning to solve and avoid the problems resulting from increasing population concentration and urban and suburban growth. There has been a substantial and growing interest in comprehensive planning for urban development, and the recent Housing Act of 1964 authorized additional categories of eligible applicants. Program levels have varied from \$18 million in fiscal years 1962 and 1963 to over \$21 million in fiscal 1964. Under the House allowance, the maximum program level possible for 1965 would be less than \$14 million.

Congressional action on this item was not possible at the time of the annual appropriation bill because the underlying authorization for appropriations was not provided until the passage of the Housing Act of 1964 on September 2, 1964.

*New activities*

The Housing Act of 1964 extends eligibility for urban planning grants to counties of over 50,000 population. These newly eligible applicants are expected to make considerable demands on the program starting in the current year. Demand should be especially heavy from counties over 50,000 population; there are 289 counties in this size category having a combined population of 40 million exclusive of the municipalities within them and these counties comprise the fastest growing areas in the Nation. Ninety-nine of these counties are single county standard metropolitan statistical areas and were previously eligible for assistance, but the remaining 190 counties will be new to the program. Several have already indicated that they intend to apply for grants that will run to several hundred thousand dollars each.

The 1964 act also extended eligibility for grant assistance to Indian reservations and to localities having substantial employment reductions due to curtailment of Federal activities.

*Continuing activities*

The urban planning assistance program will continue to assist small localities under 50,000 population, localities designated as redevelopment areas (which qualify for 75 percent grants), metropolitan and regional areas, and States. Each of these categories has experienced a growing rate of activity since they were initially authorized, and all indications point to the continuation of a high level of demand for planning assistance.

From the inception of the program through June 30, 1964, grant assistance has been provided to almost 3,500 small localities, to almost 600 communities in redevelopment areas, to 180 metropolitan and regional areas, and to 30 different jurisdictions for State and interstate planning.

## OPEN SPACE LAND GRANTS

(Estimate, \$15 million; proposed by committee, \$0; estimate (\$138,000); proposed by committee, \$0)

(House hearings, pt. 2, pp. 58-64)

Page 5, after line 17, insert—

## "OPEN SPACE LAND GRANTS

"For an additional amount for "Open space land grants," \$15,000,000: *Provided*, That not to exceed \$138,000 may be used for administrative expenses and technical assistance, and no part of this appropriation shall be used for administrative expenses in connection with grants requiring payments in excess of the amount herein appropriated therefor."

the estimate, and an increase of \$15 million above the amount in the House committee report which did not contain this item.

## HOUSE REPORT

No pertinent excerpts.

## JUSTIFICATION

*Summary*

The requested \$15 million appropriation is required to fund the full \$30 million program of grants for the acquisition of open space land proposed in the President's budget for 1965. The September 30 backlog was \$15.8 million, or sufficient to utilize the entire \$15 million appropriation available under the Independent Offices Appropriation Act, 1965. An increase in the limitation on administrative expenses is required to provide the staff necessary to administer the proposed budget program.

The fiscal year 1965 budget recommends a \$30 million appropriation for the open space land program. The Independent Offices Appropriation Act for 1965 contains an appropriation of \$15 million; most of the balance of the recommended program level was contingent upon the provision of additional authorization. Additional funds may now be appropriated since the Housing Act of 1964 included additional authorization of \$25 million.

*Program results*

During the first 3 years of its operation, the open space land program has provided 219 grants to 177 communities in 31 different States. Grants total \$32.2 million and have enabled the localities to preserve nearly 102,000 acres of valuable urban open land for use by present and future generations. Total cost of the land exceeds \$121 million, with local resources supplementing the Federal grants according to statutory formula.

*Current program status*

While appropriations have remained constant at a level of \$15 million per year for the last 2 years, demand for grants has increased. Program expansion is demonstrated by the fact that the backlog of applications on hand jumped from \$4.1 million on July 1, 1963, to \$12.3 million on July 1, 1964. Thus, the backlog on the first day of current fiscal year would use 82 percent of the appropriation in the Independent Offices Appropriation Act, 1965.

Applications on hand as of September 18, 1964, totaled \$15.8 million. Applications have been received at the rate of \$1.5 million per month in the last several months. Without the requested \$15 million supplemental, the accumulation of an even larger backlog will result.

## LOW-INCOME HOUSING DEMONSTRATION PROGRAMS

((1) Estimate, \$2,500,000; proposed by committee, \$1,250,000; (2) administrative expense limitation; estimate \$50,000; proposed by committee, \$20,000)

(House hearings, pt. 2, p. 64)

(1) Page 5, line 21, strike out "\$1,250,000" and insert in lieu thereof "\$2,500,000", the estimate, and an increase of \$1,250,000 above the amount allowed by the House committee;

(2) Page 5, line 21, strike out "\$20,000" and insert in lieu thereof "\$50,000", the estimate, and an increase of \$30,000 above the amount allowed by the House committee.

## HOUSE REPORT

(Pertinent excerpts, H. Rept. 1891, p. 10)

*Low-income housing demonstration programs.*—An appropriation of \$1,250,000 is recommended to continue this program at about the same level as last year. Further authorization for appropriations was required when the regular annual appropriation bill was considered. This authorization is now provided in the Housing Act of 1964."

## JUSTIFICATION

*Summary*

The full \$2,500,000 estimate is necessary to permit forward motion under the extended program and to meet the needs for additional program grants under the Housing Act of 1964. Likewise, the limitation on administrative expenses must be increased to provide for protection of the Government's interest in grants already obligated and for carrying out the new and expanded program.

The House committee report indicates that the recommended appropriation of \$1,250,000 would continue the low-income housing demonstration program at about the same level as in fiscal year 1964. The 1964 level of \$1,157,000, however, represented the maximum that could have been undertaken within the original \$5 million authorization contained in the Housing Act of 1961, and was less than half the amount undertaken in fiscal year 1963—\$2,954,000.

The comparatively limited appropriation for 1964 permitted funding of only nine demonstration projects. Nine additional pending proposals carried over into the current fiscal year would completely exhaust the appropriation recommended by the House committee.

The need for continuation of the low-income housing demonstration effort is emphasized in both the Senate and House committee reports on the Housing Act of 1964. The Senate Banking and Currency Committee report particularly points out additional areas of demonstration that should be considered, such as certain specific construction techniques and materials, mass rehabilitation techniques, new types of dwellings designed for the handicapped, and a proposal which would permit low-rent housing occupants to purchase their units.

Since a minimum of 2 or 3 years is generally necessary for adequate testing and project experience leading to definite results and recommendations for improved means for meeting the needs of low-income families, there is obvious urgency for undertaking as broad an array of demonstration projects as possible. Anticipated results of demonstration projects can well serve the objectives of the antipoverty program as well as the wide range of new program proposals incorporated in the 1964 Housing Act—direct loans for housing of the handicapped, extended and reinforced code enforcement, and more effective relocation activity. Utilization of the low-income housing demonstration program approach can help overcome obstacles in the path of rapid, efficient realization of these objectives without the costliness of full-scale trial-by-error effort in locality after locality.

The full amount of the administrative expense limitation is required for fiscal year 1965 if the staff is to be able to cope with the workload—now six times as large as that in fiscal year 1962. There are 31 projects in execution, each of which is a uniquely complicated undertaking. They require adequate staffing for supervision, auditing, and reporting if useful results are to be achieved from the \$5 million already obligated.

## PUBLIC WORKS PLANNING FUND

(Estimate, \$12,000,000; proposed by committee, \$10,000,000)  
(House hearings, pt. 2, pp. 57, 66)

Page 6, line 7, strike out "\$10,000,000" and insert in lieu thereof "\$12,000,000", the estimate, and an increase of \$2,000,000 above the amount allowed by the House committee.



## HOUSE REPORT

(Pertinent excerpts, H. Rept. 1891, p. 10)

*“Public works planning fund.*—The committee considered a budget estimate of \$13,000,000 in connection with the regular appropriation bill, but only \$1,000,000 was approved to increase the capital in the fund since authorization for the balance of the estimate was lacking at that time. Full authorization is now provided in the Housing Act of 1964, and this bill contains an additional \$10,000,000, or \$2,000,000 less than the budget estimate, for payments to this fund.”

## JUSTIFICATION

*Summary*

The full appropriation request of \$12 million is needed to permit approval by the HHFA of the budgeted \$24 million in planning advances. The current backlog of applications exceeds \$22 million.

The budget program for fiscal year 1965 contemplates \$24 million of net planning approvals, as follows:

*Independent Offices Appropriation Act, 1965*

Immediately available (definite)-----	\$1, 000, 000
Available contingent upon forgiveness of previous advances in accordance with sec. 6 of the Public Works Acceleration Act (maximum) -	3, 000, 000
Subtotal-----	4, 000, 000
Estimated repayment of advances to revolving fund-----	8, 000, 000
Requested supplemental appropriation-----	12, 000, 000

Significant increases in demand from States and localities for public works planning advances and limited amounts of net approvals in the past 4 years are shown in the following table:

[In thousands]

	Applications received	Advances approved
Fiscal year 1961-----	\$27, 102	\$11, 700
Fiscal year 1962-----	24, 374	10, 800
Fiscal year 1963-----	40, 863	17, 500
Fiscal year 1964-----	38, 919	10, 550

This program has assisted hundreds of communities, unable to provide planning funds from their own resources in advance of normal construction financing through the approval of about 3,600 projects having an estimated total construction cost of more than \$5 billion.

## FEDERAL-STATE TRAINING PROGRAMS

(Estimate, \$5,075,000; proposed by committee, \$0)

(House hearings, pt. 2, pp. 50, 52, 67-70)

Page 6 after line 7, insert—

## “FEDERAL-STATE TRAINING PROGRAMS

“For matching grants to States for authorized training and related activities, and for expenses of providing technical assistance to State and local governmental or public bodies (including studies and publication of information) to remain available until expended, \$5,075,000: *Provided*, That not to exceed \$75,000 of this appropriation may be used for administrative expenses and technical assistance.”

the estimate, and an increase of \$5,075,000 above the amount allowed by the House Committee.

## HOUSE REPORT

(Pertinent excerpts, H. Rept. 1891, p. 10)

*Federal-State training programs.*—The committee has denied a request for \$5,075,000 to begin a program of matching grants for training technical and professional people for housing and community development program at the State and local level.

## JUSTIFICATION

*Summary*

The requested \$5,075,000 appropriation must be provided before the Agency can begin to undertake any operations under the newly enacted Federal-State training program authority of the 1964 Housing Act. The act authorizes matching grants to States to assist in developing special training programs for technical and professional people employed or likely to be employed by a governmental or public body with responsibilities for community development, for limited research, and for technical assistance. The proposed appropriation would provide \$5 million of the \$10 million authorized for matching grants by the new act, plus \$75,000 for expenses of administration.

*The urban extension service*

The President has suggested the desirability of the creation of an urban extension service, in many respects comparable to the agricultural extension services provided through land-grant colleges, in an endeavor to find answers to the increasingly complex problems of our rapidly growing urban areas. The magnitude and complexity of our urban problems now require increased technical capabilities in the administration of local programs and public services. The country is faced with continuing urban sprawl, the fiscal plight of our cities, traffic congestion and inadequate mass transportation, high land prices and inadequate housing at reasonable prices or rents, inadequate water and sewer facilities in the suburbs, shortages of educational facilities and a need for additional social services to help people adjust to urban living in an age of automation.

Our ability to overcome the urban problems will depend upon the technical know-how that is available to deal with them. The land-grant colleges and the agricultural extension services brought technical assistance to the farmers with the result that their agricultural enterprise has become the most productive in the world. Colleges and universities can perform a similar role with respect to the various kinds of technical assistance that are required for the improvement of urban life.

The three major elements in the concept of an urban extension service are training, technical assistance, and research. These three components are recognized in title VIII of the Housing Act of 1964, with particular emphasis on training. It is the purpose of the law to assist and encourage States, in co-operation with colleges and universities and urban centers, to develop and carry out programs which will provide necessary training to technical and professional people who are employed or are training to be employed by cities and other public bodies having community development responsibilities.

*Training.*—The current shortage of city managers, finance and budget officers, building and housing code inspectors, housing relocation specialists, sanitary engineers, and traffic engineers and many others who must administer local programs can only be met through organized training programs. Local governments do not at present have the resources or facilities to carry on such training. The new Federal-State training program will enable the local community to train skilled men to meet these needs and increase the future supply of such trained personnel.

*Research.*—Research is an essential component of urban extension. There must be a reservoir of knowledge which can be carried from the institutions of higher learning to the local community. Just as the agricultural extension services lodged at land-grant colleges bring important knowledge to the farm community, urban research centers lodged at universities can provide a source of knowledge and advice to the urban community. The research centers can serve as the sites for workshops and training courses for workers in urban programs. The people engaged in research who can instruct workers in the latest engineering, management and budgeting techniques that are required in the administration of local programs will be available at urban research centers.

*Technical assistance.*—Through the State programs and, when requested, from his own organization, the Administrator may provide technical assistance in the solution of the various urban problems that have been outlined. Urban extension technical service also could provide aid to private organization as well as public ones. An "agent" sent by the State could advise a business group or a citizens' group on ways and means of undertaking programs on the civic scene. The problems of citizen participation in urban programs could be attacked through the aid of the urban agent.

*Evidence of interest*

The idea of the urban extension service has received enthusiastic support since the President first announced his intention that such a service be created. The Administrator of HHFA and the Commissioner of Education met with presidents of land-grant colleges, who endorsed the idea. It has also been endorsed by representatives of local government, such as the American Municipal Association and the Conference of Mayors. Furthermore, since passage of the Housing Act of 1964, support has been indicated by numerous States and institutions who could be participants in the program.

Inquiries denoting interest in the program have come from Senators, Representatives, State and local government agencies, and universities in Massachusetts, Wisconsin, California, North Carolina, Pennsylvania, Ohio, Missouri, Michigan, Connecticut, New Jersey, New York, and Washington.

ADMINISTRATIVE EXPENSES

(Estimate, \$75,000; proposed by committee, \$0)

(House hearings, pt. 2, pp. 70-73, 76-80)

Page 6, after line 7, insert the following:

"PUBLIC HOUSING ADMINISTRATION

"ADMINISTRATIVE EXPENSES

"For an additional amount for 'Administrative expenses,' \$75,000." the estimate, and an increase of \$75,000 over the amount allowed by the House committee.

HOUSE REPORT

(Pertinent excerpts, H. Rept. 1891, p. 10)

"The committee has denied the \* \* \* \$75,000 for the Public Housing Administration for additional staff to administer provisions of the Housing Act of 1964. The committee believes that an increased activity that may be occasioned by the new housing act can be absorbed by the presently authorized staff."

JUSTIFICATION

*Summary*

The requested \$75,000 supplemental appropriation is necessary to support 15 positions during fiscal year 1965 engaged in administration of the new relocation provisions of the Housing Act of 1964. The act contains several specific requirements for relocation of families, persons, and businesses from sites used for the construction of public housing—all of which are new or are considerably broadened from provisions heretofore in effect. It will not be possible to absorb the effect of these new and expanded provisions within the presently authorized staff; it is, indeed, doubtful whether the funds provided in the regular appropriation act will be sufficient to maintain the staff at its present level.

*New relocation requirements*

The Housing Act of 1964 imposes the same requirements as to a plan for the relocation of persons and families from sites of public housing projects as those which apply to families displaced by urban renewal projects.

Such plans must demonstrate that persons and families can be relocated in decent, safe, and sanitary dwellings at rents within their means. Heretofore, there have been no statutory requirements as to families displaced by public



housing, and the administrative requirement of the PHA has been only that housing be available to displaced families which is no worse than that in which the families were living on site. While the public housing itself will often take care of the permanent relocation needs of those eligible for public housing, there are usually a substantial number of families and persons not so eligible. For such families, the PHA must now be satisfied that decent, safe, and sanitary housing within their means is made available to them. This is a much more rigorous and difficult requirement than merely that housing of no worse condition be made available.

Second, the bill authorizes certain supplementary rent payments to ease the burdens of relocation for low and moderate income families, and of individuals 62 years of age or older. Under the bill, such families and individuals would receive for 1 year payments which, when added to 20 percent of their income, would equal the average rent required in the community for a decent, safe and sanitary house of modest standards and adequate size.

Third, the bill provides more realistic relocation payments to displaced small businesses. These payments would be limited to local businesses in the area—that is, businesses which are not parts of a larger enterprise with establishments outside the area—and to those whose average annual earnings are less than \$10,000.

*Staffing requested*

The requested supplemental would provide funding during 1965 for 15 additional positions—a relocation specialist in each regional office, two field auditors, three professional employees at headquarters, and minimum clerical support.

NATIONAL COMMISSION ON TECHNOLOGY, AUTOMATION, AND ECONOMIC PROGRESS

U.S. DEPARTMENT OF LABOR,  
OFFICE OF THE SECRETARY,  
Washington, September 21, 1964.

HON. CARL HAYDEN,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR HAYDEN: A provision of H.R. 12633 as passed by the House, effects a reduction of \$350,000 from the \$1 million estimate for the National Commission on Technology, Automation, and Economic Progress.

In my judgment the appropriation of the full budget estimate is essential if the Commission is to successfully undertake the broad and analytic inquiry that the Congress has authorized (Public Law 88-444).

If the House action is sustained the contract research program of the Commission must be severely curtailed from an estimated \$450,000 down to \$150,000. Such a curtailment would mean that the Commission would be forced to limit seriously the scope of its research and inquiry and would have to confine itself almost exclusively to using currently available and readily accessible data rather than engaging in the development of new insights into the impact of automation and technological advances on all aspects of our society.

In addition, the House report stipulated a limitation of 7 or 8 positions in lieu of the 10 requested. This will necessitate reduced staff coverage in several important areas.

Since great expectations have been expressed for this Commission by the President, the Congress, and by many others (both in the public and private sectors of our economy), a reduction below the amount authorized by the legislation estimate might cause widespread concern about the downgrading of the importance of this Commission. Such downgrading will make recruitment of highly competent staff extremely difficult.

I respectfully request the thorough and earnest consideration of the House action by the Senate.

The specific change sought is reflected in the attachment.

Yours sincerely,

W. WILLARD WIRTZ,  
Secretary of Labor.

DEPARTMENT OF LABOR RECOMMENDED CHANGES IN H.R. 12633

Chapter III, page 6, line 19 strike "\$650,000" and insert "\$1,000,000."

"NATIONAL COMMISSION ON TECHNOLOGY, AUTOMATION, AND ECONOMIC PROGRESS

"For expenses necessary to carry out the provisions of the act, of August 19, 1964 (78 Stat. 462), establishing the National Commission on Technology, Automation, and Economic Progress, \$650,000, to remain available until January 31, 1966."

*National Commission on Technology, Automation, and Economic Progress*

	Budget request	Budget estimate	House allowance	Senate allowance	Appropriation
1965-66 <sup>1</sup> -----	\$1,000,000	\$1,000,000	\$650,000	-----	-----

<sup>1</sup> The appropriation estimate, by proposed legislation, covers a portion of fiscal years 1965 and 1966 and is to remain available until Jan. 31, 1966.

*Amounts available for obligations*

	Estimate <sup>1</sup>	House allowance
Appropriation or estimate .....	\$1,000,000	\$650,000

<sup>1</sup> The appropriation estimate, by proposed legislation, covers a portion of fiscal years 1965 and 1966 and is to remain available until Jan. 31, 1966.

*Obligations by activity*

Description	Estimate <sup>1</sup>		House allowance	
	Positions	Amount	Positions	Amount
1. Commission and administrative costs.....	10	\$550,000	8	\$500,000
2. Contract research.....		450,000		150,000
Total obligations.....	10	1,000,000	8	650,000

<sup>1</sup> The appropriation estimate, by proposed legislation, covers a portion of fiscal years 1965 and 1966 and is to remain available until Jan. 31, 1966.

*Obligations by object*

	Estimate	House allowance
Total number of permanent positions.....	10	8
Average number of all employees.....	15	13
11 Personnel compensation.....	\$261,614	\$233,879
12 Personnel benefits.....	14,786	12,521
21 Travel and transportation of persons.....	40,000	40,000
23 Rent, communications, and utilities.....	33,000	33,000
24 Printing and reproduction.....	55,000	55,000
25 Other services.....	15,000	15,000
Services of other agencies.....	570,000	250,000
26 Supplies and materials.....	2,600	2,600
31 Equipment.....	8,000	8,000
Total obligations.....	1,000,000	650,000
Working capital fund items included above.....	(34,750)	(+34,750)

*Summary of changes*

	Estimate	House allowance
1964 appropriation.....		
1965-66 estimate.....	\$1,000,000	\$650,000
Total change.....	1,000,000	650,000
Program items:		
Increases: To provide for the establishment of and operating costs for a National Commission on Technology, Automation, and Economic Progress to identify, assess, and define the current and future impact of technological changes, automation, and economic progress on human and community needs, and to recommend specific administrative and legislative steps to be taken to meet Federal, State and local government responsibilities (10 full-time positions, \$276,400; nonlabor \$723,600) ..	1,000,000	650,000
Total change.....	1,000,000	650,000



*Summary of new positions*

	Estimate		House allowance	
	Posi- tions	Amount	Posi- tions	Amount
Activity 2. Commission staff:				
GS-18 executive secretary .....	1	\$20,000	1	\$20,000
GS-15 staff assistant .....	2	31,330	1	15,665
GS-14 attorney .....	1	13,615	1	13,615
GS-13 staff assistant .....	2	23,450	1	11,225
GS-12 administrative assistant .....	1	9,980	1	9,980
GS-9 secretary .....	1	7,030	1	7,030
GS-6 secretary .....	2	10,470	2	10,470
Total .....	10	115,875	8	88,485

## EFFECT OF HOUSE ACTION

The House allowed \$650,000 and eight positions, a reduction of \$350,000 and two positions from the estimates.

The amount allowed will enable the Commission to operate at a reduced level of effectiveness, particularly in the area of contract research which is one of the basic mandates of the enabling legislation. The limitation will force the Commission to curtail the scope of its research and inquiry and confine itself almost exclusively to using currently available and readily accessible data rather than engaging in the development of new insights into the impact of automation, technological advances, and economic progress on all aspects of our society.

## SELECTIVE SERVICE SYSTEMS

NATIONAL HEADQUARTERS, SELECTIVE SERVICE SYSTEM,  
*Washington, D.C., September 22, 1964.*

HON. CARL HAYDEN,  
*Chairman, Senate Appropriations Committee.*

DEAR SENATOR HAYDEN: I respectfully request lines 24 and 25 on page 6 of the House print of H.R. 12633 be changed to read "\$11,375,000." This restoration is required for the performance of that part of the manpower conservation program assigned to the Selective Service System.

When we appeared before the Senate Subcommittee for Independent Offices, it was pointed out that this request for supplemental funds was based on the additional workload caused by this program which was inaugurated after the 1965 budget was presented. If funds are not provided, only two courses are open to us; either we curtail the scope of the program or it will be necessary to receive services from our compensated local board clerks on an uncompensated basis. We have always received such assistance when necessary, but never have required a contribution of such scope.

Restoration is requested so that Selective Service can fulfill its required mission without an exceptional contribution of uncompensated services from local board clerks.

Sincerely yours,

LEWIS B. HERSHEY, *Director.*

NATIONAL HEADQUARTERS,  
SELECTIVE SERVICE SYSTEM,  
*Washington, D.C., September 22, 1964.*

HON. CARL HAYDEN,  
*Chairman, Senate Appropriations Committee.*

DEAR SENATOR HAYDEN: With reference to my letter of this date, I make the following amended request for a change in the language of H.R. 12633: Delete the language on lines 24 and 25 of page 6 and substitute the following line 24: "\$11,375,000."

Sincerely yours,

LEWIS B. HERSHEY, *Director.*

## SECURITIES ACTS AMENDMENTS OF 1964

SECURITIES AND EXCHANGE COMMISSION,  
Washington, D.C., September 22, 1964.

HON. CARL HAYDEN,  
Chairman, Committee on Appropriations,  
U.S. Senate, Washington, D.C.

DEAR SENATOR HAYDEN: The Committee on Appropriations, House of Representatives, has approved the sum of \$150,000 to cover the cost of 25 additional positions for the purpose of implementing the provisions of the recently enacted Securities Acts Amendments of 1964, which pertain primarily to (1) the extension of disclosure requirements to over-the-counter (OTC) companies; and (2) the regulation of brokers and dealers. The provisions of the law relating to the former were effective last July 1, and the latter was effective August 20.

In comparison, we requested \$390,000 to cover the cost of 65 additional positions for the last several months of this fiscal year. Of the amount requested, approximately \$90,000 will be recovered by assessment of fees, which will be deposited to the general fund of the Treasury.

The distribution of positions in our request for each of these new expanded functions and the reduction of the 40 positions are shown below:

Function	Original request	Approved by the House Appropriations Committee	Decrease
Disclosure requirements to OTC companies:			
Division of Corporation Finance.....	43	17	26
Field offices and administrative.....	4	1	3
Subtotal.....	47	18	29
Regulation of brokers and dealers:			
Division of Trading and Markets.....	12	6	6
Field offices and administrative.....	6	1	5
Subtotal.....	18	7	11
Total.....	65	25	40

As I indicated in my statement (copy attached) before your committee, we anticipate that 2,400 companies whose securities are traded in the over-the-counter market will be required to file a registration statement with the Commission. Of this number, we expect 1,900 companies will file during next January to June 1965. We estimate that a peak number will be filed on or shortly before the deadline date of next April 30.

I would be less than candid if I did not state that 25 positions, as approved by the House Appropriations Committee, represent the minimum manpower to achieve certain accomplishments, which are less than our moderate objectives as envisioned in our request for 65 positions.

As you can well understand, the number of positions between 25 and 65 can only dictate the rate of progression toward implementing the various provisions of the new legislation. Undoubtedly, the difference between the number of positions approved by the Congress in this supplemental and our estimate of 65 positions will be requested in our 1966 budget estimate so that the Commission may implement the legislation in accordance with the expressed intent of the Congress.

Sincerely yours,

MANUEL F. COHEN, *Chairman.*



## SECURITIES AND EXCHANGE COMMISSION

Change requested by the Securities and Exchange Commission in H.R. 12633 as approved by the Committee on Appropriations, House of Representatives, on September 17, 1964:

*Salaries and expenses*

Budget estimate for 1964-----	\$13,937,500
Budget estimate for 1965-----	14,680,000
Supplemental budget estimate for 1965-----	390,000
Amount approved by the Committee on Appropriations, House of Representatives-----	150,000

## CHANGE REQUESTED

Page 6, line 22: See letter attached.

## HOUSE REPORT 1891

"The committee has approved \$150,000 for 25 of the 65 additional positions requested to assist in implementing provisions of the recently enacted Securities Acts Amendments of 1964, which pertain primarily to extension of disclosure requirements to over-the-counter companies and regulation of securities brokers and dealers."

DEPARTMENT OF THE INTERIOR,  
NATIONAL PARK SERVICE

DEPARTMENT OF THE INTERIOR,  
OFFICE OF THE SECRETARY,  
Washington, D.C., September 22, 1964.

Hon. CARL HAYDEN,  
Chairman, Committee on Appropriations,  
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: We are pleased to submit proposed amendments to the supplemental appropriation bill, 1965, H.R. 12633 which was reported out by the House Appropriations Committee on Friday, September 18, 1964.

We are not appealing the disallowance of permanent positions made by the House committee on the assumption that it will be permissible to make such transfers between available personnel ceilings of the various bureaus and offices of the Department as may be necessary to carry out the programs provided for in the supplemental appropriation bill.

Sincerely yours,

D. OTIS BEASLEY,  
Assistant Secretary of the Interior.

NATIONAL PARK SERVICE

CONSTRUCTION

Appropriation 1965-----	\$33, 873, 600
Supplemental estimate 1965-----	10, 400, 000
House allowance-----	6, 700, 000
Restoration requested-----	922, 000

(P. 8, line 13)

Amendments requested:

(1) Page 8, line 13, after the word "property" insert the following: "*including not to exceed \$15,000 for travel and transportation of persons*".

(2) Page 8, line 13, strike out "\$6,700,000" and insert in lieu thereof "\$7,622,000", an increase of \$922,000 in the appropriation.

HOUSE REPORT

"The committee recommends \$6,700,000, a reduction of \$3,700,000 in the budget estimate, for financing the National Park Service's land acquisition program until funds become available on January 1, 1965, from the pending Land and Water Conservation Fund. The amount allowed includes \$3 million for the Cape Cod National Seashore, Mass.; \$3,500,000 for Padre Island National Seashore, Tex.; and \$200,000 for the Franklin D. Roosevelt National Historic Site, N.Y. The committee believes that the balance of the request, involving the acquisition of inholdings in existing parks, can readily be deferred until the first of the next calendar year at which time it is anticipated funds will be available from the land and water conservation fund and the committee will have more adequate time to review in detail the necessity for such acquisitions."

JUSTIFICATION

*Explanation of amendment (1)*

The amendment restores the request for an increase in the travel limitation included in the regular appropriation by \$15,000, bringing the total requirement

for this purpose under the construction appropriation to \$350,000. Since the land acquisition program was not included in the regular appropriation, it is necessary that the limitation be increased to provide for minimum travel required incident to carrying out the land acquisition program.

*Explanation of amendment (2)*

The amendment restores \$922,000 of the reduction of \$3,700,000 made by the House in the budget estimate for this appropriation. This amount is distributed to activities as follows:

Activity	Appropriation, 1965	Supplemental estimate, 1965	House allowance, 1965	Restoration requested
1. Buildings, utilities, and other facilities.....	\$28,327,700			
2. Acquisition of:				
(a) Lands.....	4,700,000	\$10,400,000	\$6,700,000	\$922,000
(b) Water rights.....	480,000			
3. Roads and trails.....	365,900			
Total.....	33,873,600	10,400,000	6,700,000	922,000

A breakdown of the additional request by objects of expenditure follows:

32 Lands and structures..... \$922,000

Certain pending land acquisitions must be consummated without undue delay in order for the Service to carry out commitments already made, or in progress, otherwise the Government will undoubtedly be faced with paying higher prices for these same tracts later. It should be borne in mind that the Land and Water Conservation Fund cannot be used until funds are appropriated from revenues deposited to the fund. The earliest date that the Service could expect to receive any benefits at all would be the latter part of the current fiscal year when a supplemental estimate not to exceed the amount deposited in the fund could be considered by the Congress. This would be too late to take advantage of certain options now pending, to settle certain condemnation cases now pending for which additional funds are expected to be required and to meet certain management and construction requirements. The most vital land acquisition inholding requirements, for which restoration is requested herein, are broken down into the following three major categories:

*Estimated total costs*

Purpose:

(a) Options on hand.....	\$451,000
(b) Acquisitions incident to pending condemnation suits.....	163,000
(c) Acquisitions required to permit carrying out authorized construction projects.....	308,000
Total.....	922,000



(a) Options on hand, \$451,000.—Additional funds are urgently needed to acquire the following lands for which options (that will expire at varying times between now and January 15, 1965) are being held by the National Park Service as indicated:

Park	Tract No.	Vendor	Acres	Cost	Date option expires
Glacier National Park.....	397-B	Mrs. I. Bernice Kysar, Charles D. and Donna Stemple.	17.73	\$31,200	Dec. 9, 1964
	397-D	D. Gordon and Myrna May Rognlien.	2.13	3,500	Dec. 22, 1964
	397-C	Dale L. McGarvey and Elsie T. McGarvey.	5.39	8,500	Jan. 15, 1965
Rocky Mountain National Park.	295	Deerhaven Lodge, Inc.....	40.6	45,000	Oct. 15, 1964
Salem Maritime National Historic Site.	317-B	Marie Schuler Estate.....	1.61	24,000	1 Sept. 27, 1964
		Margaret E. Hale.....	.19	17,000	Oct. 9, 1964
Scotts Bluff National Monument.		Scotts Bluff Country Club....	88.54	260,000	Oct. 1, 1964 or Nov. 10, 1964
Yosemite National Park.....		Oregon Trail Museum.....	20	2,123	1 Sept. 15, 1964
		Walter Baker.....	.61	25,000	Oct. 13, 1964
		Madeline Hickok.....	.53	30,000	1 Sept. 18, 1964
		Elvise Quiroz El Portal Building.		1,800	Nov. 1, 1964
Zion National Park.....	43-A	State road commission.....	12.58	2,500	Nov. 8, 1964
Total.....				450,623	

<sup>1</sup> Owners have been requested to extend expiration date.

(b) *Acquisitions incident to pending condemnation suits, \$163,000.*—Condemnation suits are pending in the courts for lands being acquired at Cape Hatteras National Seashore, N.C., and Chalmette National Historical Park, La., which are expected to be settled in the near future. The trend of deficiency awards above estimated just compensation deposited in the courts indicates that additional funds will be needed to satisfy judgments as follows:

#### CAPE HATTERAS NATIONAL SEASHORE

Tract No.	Former owner	Date of taking	Date of trial	Possible deficiency	Possible interest	Possible total
3	Lewis.....	May 13, 1958	Oct. 9, 1963	\$60,000	\$21,000	\$81,000
4	Greenville Co.....	do.....	Sept. 26, 1963	59,000	21,000	80,000
	Subtotal.....					161,000

#### CHALMETTE NATIONAL HISTORICAL PARK

Parcel	Former owner	Court action	Possible total
Lot 9....	Colomb.....	Contested, possible deficiency.....	\$350
Lot 8....	Minor.....	Contested, possible deficiency.....	1,400
	Subtotal.....		1,750
	Total.....		162,750

(c) *Acquisitions required to permit carrying out authorized construction projects, \$308,000.*—Certain tracts of privately owned inholdings should be purchased at the earliest opportunity so that the Service can proceed with the authorized construction work which otherwise cannot be undertaken. The specific tracts and construction projects involved are summarized below:

Tract No.	Owner	Acres	Estimated cost	NPS requirements
15	CASTILLO DE SAN MARCOS NATIONAL MONUMENT Fraser.....	0.09	\$20,000	Last parcel needed for Castillo Drive PCR-R-11-1.
	DINOSAUR NATIONAL MONUMENT			
38, 46, 47, 48, 79, 80	W. R. Chew.....	1,906.17	96,000	} Reconstruct Echo Park Road, R-92, R-93.
31	Alexander.....	80.00	2,100	
50, 53	Mantle.....	520.00	56,900	
	FORT LARAMIE NATIONAL HISTORIC SITE			
1	Foote.....	136.18	37,900	} Entrance, utility, residential roads, and parking areas, PCP-R-7.
2A, 2B	Gregg.....	46.46	17,200	
	MESA VERDE NATIONAL PARK			
5	Hindmarsh.....	232.14	7,500	} Water supply, sewage collection and disposal for 5 planned residences, water distribution PCP-U-41-1 and PCP-U-48.
4	Hall.....	249.00	70,000	
	Total.....		307,600	

## OFFICE OF WATER RESOURCES RESEARCH

### SALARIES AND EXPENSES

Appropriation 1965.....	
Supplemental estimate.....	\$1,535,000
House allowance.....	1,400,000
Restoration requested.....	130,000

(P. 7, line 11)

Amendment requested:

Page 7, line 11, strike out \$1,400,000 and insert in lieu thereof "\$1,530,000", the estimate, an increase of \$130,000 in the appropriation.

### HOUSE REPORT

"The committee has approved \$1,400,000, a reduction of \$135,000 in the budget request, to initiate implementation of the Water Resources Research Act of 1964 (Public Law 88-379, approved July 1964). The amount allowed should provide adequately during the remainder of the current fiscal year for this new program which is to be carried out through grants to the States for water research institutes and for specific water research projects."

## JUSTIFICATION

The amendment restores \$130,000 of the reduction of \$135,000 made by the House in the budget estimate for this appropriation. This amount is distributed to activities as follows:

Activity	Appropriation, 1965	Supplemental estimate, 1965	House allowance, 1965	Restoration requested
1. Assistance to States for institutes.....	-----	\$1,125,000	\$995,000	\$130,000
2. Matching grants to institutes.....	-----	250,000	250,000	-----
3. Administration.....	-----	160,000	155,000	-----
Total.....	-----	1,535,000	1,400,000	130,000

A breakdown of the restoration by objects of expenditure follows:

41 Grants, subsidies, and contributions..... \$130,000

The House reduction would result in restricting the section 100(a) allotments to States for water resources research institutes from the requested program of 15 State allotments to only 13 State allotments. The anticipated result of such reduction would be a corresponding reduction in the development of urgently needed water resources scientists and engineers being trained as graduate students in conjunction with the work of the State water resources research institutes. A second anticipated result would be a reduction also in the development of urgently needed new and improved methods of dealing with critical water resources problems at local, State, regional, and national levels.

Intermittent and permanent water shortages exist or threaten many communities and many areas. Water supply deficiencies both of quantity and of quality are serious threats to the economic development and well-being of people. They constitute a present or potential limit on community growth, and agricultural, industrial, and recreational development.

A principal purpose of the Water Resources Research Act of 1964 is to stimulate and supplement present programs for research on water resources problems, and to encourage the training of scientists and engineers to work in this field. Pursuant to the provisions of the act, this will be accomplished through financial assistance to one water resources research center in each State. Water resources research and the training of water scientists and engineers will go hand in hand. There is wide agreement that a critical shortage of qualified water scientists and engineers is a major element in the present critical water situation.

The estimate of required funding provided \$160,000 for administration. Because of the passage of time the estimate for administration can be reduced by \$5,000 to \$155,000. No reduction of the estimate for each allotment to a State water resources research institute because of the passage of time is appropriate because the act (Public Law 88-379) provides \$75,000 per State in fiscal year 1965 without reduction for portions of the year. Thus any reduction results in reduction of the number of States receiving an allotment. The remaining program item of matching funds for specific research projects is a minimal estimate of the amount needed to match non-Federal funds that universities are ready to apply to needed research work.

For the above reasons, restoration of \$130,000 of the \$135,000 reduction is needed in order to utilize effectively qualified resources of 15 States on which the appropriation request is based.



## NATIONAL DEFENSE EDUCATION ACT AMENDMENTS

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE,  
*Washington, September 23, 1964.*

HON. CARL HAYDEN,  
*Chairman, Committee on Appropriations,  
U.S. Senate, Washington, D.C.*

DEAR SENATOR HAYDEN: In July and August 1964, the President submitted to the Congress five 1965 supplemental appropriation requests totaling \$90,320,000 for the Department of Health, Education, and Welfare. In the 1965 supplemental appropriation bill passed by the House, H.R. 12633, a total of \$56,750,000 was allowed for two of the requests.

I have carefully reviewed the House action on the supplemental requests, with special attention to their impact on our ability to launch the important new and expanded program for which we are responsible.

Since the House has stated that it wished to defer consideration until the next session of Congress of the appropriation request to begin a new informational program related to the hazards of smoking, I am not appealing for the restoration of the amount requested.

I am appealing, however, for restoration of the full amount requested for the National Defense Education Act amendments, now pending in conference. The request was based on the Senate version of the amendments; the House allowance represents the amount associated with the House version of the amendments. I urge your committee to allow the full request of \$74,400,000, so that there will be sufficient funds to support the bill which emerges from the conference.

Also requested were 85 positions and \$1 million for the costs of administering the National Defense Education Act amendments. These amendments involve a significant workload expansion in the Office of Education, and the additional positions requested represent the minimum needed to properly initiate the new and expanded programs under the amendments. I would like to call to your attention the large responsibilities placed on the Office of Education by major recently enacted legislation; I cannot stress too strongly the need for additional staff support to administer these new amendments.

On August 14, 1964, the President submitted supplemental appropriation requests totaling over \$16 million, including \$5 million for this Department, to cover the additional costs of carrying out the manpower conservation program based on the recommendations of the Task Force on Manpower Conservation. This task force found that one-third of the youth of this country are not qualified for military service because of health or educational deficiencies. Under the manpower conservation program, all new selective service registrants would be examined; those rejected for medical reasons would receive counseling and referral services through the Public Health Service and the Vocational Rehabilitation Administration.

Although the House included a supplemental allowance for the Selective Service System to conduct the medical examinations, no funds were allowed for this Department to carry out its part of the new program. The House committee report states that this item was "passed over without prejudice." I urge restoration of the \$5 million requested so that we may provide needed rehabilitative counseling and referral services to rejectees in this important new program to improve this country's greatest asset—its human resources.

I am enclosing a list of the amendments I am requesting. I strongly urge your favorable consideration of these amendments. If you or the committee would like any further information concerning these requests, we will be happy to furnish it.

Sincerely,

ANTHONY J. CELEBREZZE, *Secretary.*

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AMENDMENTS REQUESTED BY THE DEPARTMENT OF HEALTH, EDUCATION,  
AND WELFARE TO H.R. 12633, 88TH CONGRESS, 2D SESSION, IN THE  
SENATE OF THE UNITED STATES.

OFFICE OF EDUCATION

DEFENSE EDUCATIONAL ACTIVITIES

1. Page 9, line 21, strike out "\$48,750,000" and insert in lieu thereof "\$74,400,000".

2. Page 9, line 24, after "student loan funds," insert "\$10,000,000 shall be for grants to States for equipment and minor remodeling of facilities for the purposes included in section 301 of Public Law 85-864, as amended, and for supervisory and other services,".

3. Page 9, line 25, after "Provided, That" insert ", in lieu of amounts heretofore specified, allotments for grants to States under sections 302 (a) and 305 for acquisition of equipment and minor remodeling shall be made on the basis of \$70,400,000, allotment for loans to private nonprofit schools shall be made on the basis of \$9,600,000, and allotments under section 302 (b) for supervisory and other services shall be made on the basis of \$6,000,000: *Provided further, That*".

SALARIES AND EXPENSES

4. Page 10, insert after line 3:

"SALARIES AND EXPENSES

"For an additional amount for 'Salaries and expenses', \$1,000,000: *Provided, That* this amount shall be available only upon enactment into law of S. 3060, Eighty-eighth Congress, or similar legislation amending the National Defense Education Act of 1958."

PUBLIC HEALTH SERVICE

COMMUNITY HEALTH PRACTICE AND RESEARCH

(Selective Service Rejectees)

5. Page 10, insert after the foregoing amendment:

"COMMUNITY HEALTH PRACTICE AND RESEARCH

"For an additional amount for 'Community Health Practice and Research', \$5,000,000."

## COMMISSION ON CIVIL RIGHTS

EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
Washington, D.C., September 18, 1964.

HON. CARL HAYDEN,  
*Chairman, Committee on Appropriations,*  
*U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: For several years the appropriation language for the Commission on Civil Rights has included a provision that the compensation of any employee of the Commission shall not exceed \$20,500 per annum. We believe that through inadvertence this limitation was continued in the Departments of State, Justice, and Commerce, the Judiciary, and Related Agencies Appropriation Act, 1965. The Appropriation Act was enacted subsequent to the approval of the Government Employees Salary Reform Act of 1964, and the limitation thus remains in effect. Its effect is to preclude the payment of salaries greater than \$20,500 that would otherwise have been authorized by the Salary Reform Act for several positions on the Commission's staff. Four positions are immediately affected, and several other positions will ultimately be affected if the limitation on compensation is not removed.

I believe that you will agree that the employees of the Commission on Civil Rights should benefit from the salary increases provided by the Salary Reform Act to the same degree as do other Federal employees in like grades, and that immediate action should be taken to eliminate this inequity. Corrective action can be implemented most expeditiously if the language of a supplemental appropriation request for the Commission that is now pending in the Congress is amended by the addition of the following or similar language.

*"Provided, That the proviso under this heading in the Departments of State, Justice, and Commerce, the Judiciary, and Related Agencies Appropriation Act, 1965, shall not apply during the current fiscal year."*

This language will enable the incumbents in those positions affected by the limitation to receive the higher rates of compensation authorized by the Salary Reform Act from the effective date of that act. The appropriation language for the Commission to be proposed in the 1966 budget will also exclude the limitation and thus permit the payment of compensation at the rates provided for in the Salary Reform Act after the current fiscal year.

Your assistance in correcting this inequity will be greatly appreciated. A copy of this letter has been sent to Representative Mahon, chairman of the House Appropriations Committee.

Sincerely,

ELMER B. STAATS, *Deputy Director.*





## USE OF HEPTACHLOR ON SPINACH GROWING

U.S. SENATE,  
COMMITTEE ON APPROPRIATIONS,  
August 20, 1964.

HON. JOHN O. PASTORE,  
*Chairman, Senate Subcommittee on Deficiencies and Supplemental Appropriations, Senate Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: Enclosed is a statement which I would like to have included in the record of the hearings held before your subcommittee. It is my understanding that the hearings are now suspended, subject to the call of the Chair. If further hearings are to be held, I would be happy to appear and testify on this item. If you plan no further hearings, I would appreciate having this statement inserted in the record.

The statement is on a subject which concerns me greatly, and I am very hopeful that the subcommittee might see fit to act on this request.

Best regards.

Sincerely yours,

GORDON ALLOTT, *U.S. Senator.*

### STATEMENT BY HON. GORDON ALLOTT, A U.S. SENATOR FROM THE STATE OF COLORADO

Mr. Chairman, I appreciate this opportunity to appear and testify. The matter which I want to talk about arises out of a mistake of the Food and Drug Administration in charging constituents of mine with using heptachlor on spinach growing in their fields, and shipping the spinach with a residue of heptachlor. Members of the committee will recall earlier testimony in which the presence of heptachlor in milk was discussed. It was indicated at that time that an amendment will be offered to the bill under consideration, to add an appropriation of \$8,800,000 to indemnify the dairy farmers injured by the actions of the Department of Agriculture or the FDA, or both. I would like to urge similar consideration for my people.

The constituents involved are Mike, Sam, Tom, and Hatsuyo Mizokami, who do business near Blanca, Colo., as Mizokami Bros. Produce. They raise a superior quality of spinach, and sell it all over the United States.

On July 27, 1962, FDA took a sample of spinach from the Mizokami farm, and tested it on August 2 at the Denver office. The New York office was immediately advised that the spinach sampled showed a residue of heptachlor, for which there is no established tolerance. The New York district office on August 6, 1962, collected samples from a carload of Mizokami spinach then in the New York area. FDA determined that that sample also showed heptachlor residue, and on the basis of those tests filed a seizure request and seized the remaining spinach in the New York area on August 20, 1962.

Subsequent tests of the spinach showed that FDA was completely in error and that there was no heptachlor on the spinach. However, the seizure action was not terminated until September 17, 1962, and of course the spinach by then had decomposed and was worthless.

On September 24, 1962, the FDA wrote to the Mizokamis admitting their mistake and expressing regret, but the Mizokamis have suffered considerable monetary damage, and I believe deserve to be made whole. The Federal Tort Claims Act affords no relief to the Mizokamis, and the only course open to them is congressional action.

The FDA had previously sampled Mizokami produce, but my constituents tell me that toward the end of July 1962 the FDA began sampling at destinations, which was a highly unusual procedure and caused considerable comment among their customers. When the shipment was seized in the New York area, at Jersey City, N.J., word apparently spread rapidly that the Mizokamis were having trouble with the FDA, because the Mizokamis suddenly found that their regular customers were reluctant to place further orders. The New York tests were per-

formed by paper chromatography, which is comparatively a very unreliable test. As I have said, FDA has admitted their error. But add to these factors the long delay in getting the matter cleared up, and it seems to me that the FDA has been guilty of gross negligence in this matter.

Mr. Chairman, on the basis of these facts I introduced on February 20, 1963, a private relief bill, S. 867, to authorize and direct payment to the Mizokamis of the sum of \$293,476. Since that bill was introduced, I have received further information from the Mizokamis, which shows that their damages are even greater. However, the Department of HEW reported unfavorably to the Judiciary Committee on the basis that the Mizokamis would be receiving preferential treatment because others were not reimbursed for damages caused by FDA errors. Accordingly, no further action has been taken on that bill.

The Mizokamis have furnished information to me which indicates that their losses are actually \$474,437. This is made up of the sum of \$156,300 for their actual costs of growing 300 carloads of spinach which they were unable to sell in the growing season of 1962 (August-October) due to the FDA error; \$234,300 loss of net profit on those 300 carloads; \$61,431 in loss of revenue incurred in selling 161 carloads at reduced prices during the same period due to the FDA error; and \$22,406 in out-of-pocket expenses incurred in defending themselves against the FDA action, destroying spinach made worthless by the FDA error, and seeking relief for their damages. This includes nothing for the reinvestment of the profit they had hoped to realize in 1962, and for which they had very definite plans. I have here a further breakdown of these figures if any member of the committee would care to see it.

The produce business is an unusual one, Mr. Chairman, in that it is carried on largely by oral order and confirmation, and when an order is placed it is expected to be filled promptly; if there is a delay of even a day or two the customers would prefer to place their orders elsewhere. Further, the reputation of the seller is a fragile but very prominent feature of the relationship. The Mizokamis have claimed nothing in their figure of \$474,437 for loss of reputation, but they have indicated to me that they felt they had been seriously damaged in this way. Not only the delay occasioned by FDA sampling at destination, but the rumor that they were having trouble with the FDA, caused that damage.

In short, Mr. Chairman, I feel that the Mizokamis have been seriously damaged by the gross negligence of an agency of the U.S. Government and that this committee is in a position to rectify the wrong done. It is my hope that the committee would add language to the bill now before you, similar in substance to S. 867, to reimburse the Mizokami family.



## URBAN RENEWAL AND URBAN MASS TRANSPORTATION PROGRAMS

NATIONAL HOUSING CONFERENCE, INC.,  
*Washington, D.C., September 23, 1964.*

HON. JOHN O. PASTORE,  
*Senate Committee on Appropriations,  
Senate Office Building, Washington, D. C.*

DEAR SENATOR PASTORE: On behalf of the National Housing Conference, may I earnestly urge your support for restoration of the cuts made by the House of Representatives in appropriation items for the housing, urban renewal, and urban mass transportation programs in the supplemental appropriation bill, 1965 (H.R. 12633), which is now pending before your committee.

The National Housing Conference was one of the principal national organizations which mobilized nationwide support for the Housing Act of 1964 and the Urban Mass Transportation Act of 1964. The passage of these two important measures has contributed greatly to the outstanding legislative record of this Congress.

However, the drastic reductions in the appropriations essential for implementing basic aspects of these laws would, if they are allowed to stand, dissipate important portions of this legislative accomplishment.

We support the requests for restoration of these items which have been submitted to your committee by the Housing and Home Finance Agency. In particular, we wish to emphasize the urgency of such action with respect to urban planning grants, open space land grants, the grants for the new Federal-State training program established by the Housing Act of 1964, the low-income housing demonstration grants, and the urban mass transportation grants for fiscal year 1966 which are needed to permit adequate advance planning in this important new program. We also recognize the critical need for the modest request for operating expenses for these programs so as to permit their effective administration.

Your favorable consideration of this request will be greatly appreciated by our organization.

Sincerely yours,

NATHANIEL S. KEITH, *President.*



COMMISSION ON INTERNATIONAL RULES OF JUDICIAL PROCEDURE

NEW YORK, N.Y., *September 22, 1964.*

HON. CARL HAYDEN,  
*Chairman, Senate Committee on Appropriations,  
Senate Office Building, Washington, D.C.:*

As president of Consular Law Society, I respectfully submit you should approve appropriations to enable Commission on International Rules of Judicial Procedure to function and request leave to have this telegram made part of proceedings.

WALDEMAR J. DITTMAR.





# THE SUPPLEMENTAL APPROPRIATIONS BILL FOR 1965

THURSDAY, SEPTEMBER 24, 1964

U.S. SENATE,  
COMMITTEE ON APPROPRIATIONS,  
*Washington, D.C.*

The committee met at 10:30 a.m., pursuant to notice, in room 1223, New Senate Office Building, Hon. Carl Hayden, chairman, presiding.

Present: Chairman Hayden, Senators McClellan, Monroney, Byrd, Proxmire, Saltonstall, Young, and Allott.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

EXPANSION AND IMPROVEMENT OF VOCATIONAL EDUCATION

## STATEMENT OF HON. RALPH W. YARBOROUGH, A U.S. SENATOR FROM THE STATE OF TEXAS

SUPPORT OF FUNDS FOR VOCATIONAL RESIDENTIAL SCHOOLS

Chairman HAYDEN. The committee will be in order.

Mr. YARBOROUGH. Mr. Chairman, I am a member of the conference committee between the Senate and House that started meeting at 10 o'clock on the National Defense Education Act and extension of the school impact law. That is the original reason I seek this privilege of making a brief statement in order that I may go over to the conference.

Mr. Chairman, my appearance here is to support the administration's request for \$25 million to establish the five area vocational residential schools provided by section 14 of the Vocational Education Act of 1963. This was in the law.

### FISCAL SITUATION

It is provided. It was passed. But in the regular appropriation bill the money to implement this was left out. The original 1965 budget request when the President contemplated that had the \$25 million in there to start these five schools. These are different. These are high-level schools, from the temporary vocational educational training provided for in the antipoverty bill.

There was some thought that there was an overlap but there isn't. These will be high level and will require greater capabilities for the entering students. It is badly needed. The distinguished gentlemen here will show that need.

I will not go into that in view of this very kind action of the committee in letting me appear first. I would like to have leave, Mr. Chair-

man, to file my statement in full. I was a member of the conference committee between the Senate and the House on this original vocational education bill.

#### PROVISION FOR SCHOOLS

These five area vocational residential schools were provided for at the strong insistence of the Senate. It was really the Senate's position that got them into law. At one vote we took on the committee, every Member of the Senate voted for these five, both Democrats and Republicans, in the conference.

There was some strong opposition in the House on the original authorization law, itself, both Democrats and Republicans, but every single member of the conferees there, both Democrats and Republicans, voted for it. In fact, the Senate had 15 of these schools, the House had 1 for the District of Columbia. We ended up with a compromise of five.

#### ADMINISTRATION REQUEST

The House put the \$25 million in for the five. It was stricken out in the Senate. The President requested it again. I earnestly request that the committee grant this request of the administration having served on the Education Subcommittee since 1958, and we have heard evidence over the years, Mr. Chairman, and Mr. Ranking Minority Member, of this great need in the country.

After 6 years of testimony I can assure the committee that this is badly needed. I want to thank the committee.

(The statement referred to follows:)

#### STATEMENT OF HON. RALPH W. YARBOROUGH

Mr. Chairman, first of all I wish to express my appreciation for the opportunity of appearing here this morning. It is always a pleasure to come before this committee, but the occasion is an especially happy one when I can talk about such a worthwhile subject as residential vocational schools.

These schools were authorized by the Vocational Education Act of 1963 in section 14 of that act. Under this section the Commissioner of Education is charged with the responsibility of demonstrating the feasibility and desirability of residential vocational schools for high school age youths. These schools are to be specially equipped to handle the problems of youth who need full-time study on a residential basis and whose home environment makes it impossible to benefit from such education in their communities. The law requires the Commissioner to give special attention to large urban areas where large numbers of youths have dropped out of school and are unemployed. He is also directed to seek an equitable geographical distribution of such schools.

The original fiscal year 1965 budget request of the President contemplated that five such schools at an average cost of \$5 million each would be constructed in an effort to get this program started successfully during fiscal year 1965. The budget proposals of the Office of Education did not attempt to specify the sites for these schools for the simple reason that to do so would have been in violation of the legislative process for approving these projects. The House approved the original request, but the Senate deleted it and it was dropped in conference.

In taking its action to delete this sum from the appropriation bill, the Senate committee reported that the Office of Education has made no site selection for any of these schools even though the legislative history clearly indicates that one should be set aside for the metropolitan area of the District of Columbia.

The Vocational Education Act of 1963 requires that the Commissioner seek the advice of an Advisory Committee on Vocational Education as to policies and procedures to govern the approval of such projects. The Commissioner could not receive applications and designate sites in advance of such Committee action. This Committee was appointed and met for the first time August



15 and 16, and has now approved the criteria which will govern the selection of projects and sites. The Commissioner was delayed in the appointment of this Committee by the report of the House Committee on Appropriations issued in April which raised a question as to the propriety of naming the Committee before appropriations were available for the program. Until such criteria were established it would have been highly improper and impractical for the Commissioner of Education to seek formal applications from interested areas.

I wish to emphasize this important point, Mr. Chairman. The House Appropriations Committee voted the appropriation but implied that the Office of Education should not select the sites until the appropriation was law. Then the Senate Appropriations Committee denied funds because the sites had not been selected. As an editorial in the August 24 edition of the Washington Post pointed out "Even Charles Dickens, who delighted in confronting his characters with insoluble legal tangles, would be hard put to create a situation as ludicrous as that facing the Office of Education."

I have learned from the Office of Education that approximately 50 inquiries and expressions of interest have been received by the Commissioner regarding these projects. In the judgment of the Office of Education about one-half of these proposals would appear to be potentially eligible under the terms which have been set forth in the draft regulations. It is abundantly clear that the Commissioner has proceeded in accordance with the wishes of Congress in awaiting the appointment of this Advisory Committee and awaiting action on the appropriation funds until requesting formal applications from eligible applicants. To have done otherwise would be an illegal deprivation to all eligible applicants of equitable opportunity for participation in the program.

Mr. Chairman, one other reservation which I understand has been expressed by some Senators and Congressmen concerns the possibility of duplication of effort between the residential vocational schools and the urban training centers set up by the Job Corps of the Anti-Poverty Act. This problem interested me also, and after looking into the matter I feel confident that the programs will be complementary rather than duplicative. Training in the vocational schools will be on a more advanced level than that in the Job Corps centers; the students will be further along in the education process and the skills taught will be more sophisticated. In the vocational schools the emphasis will be on vocational training. The Job Corps centers will offer both a basic education component and a citizenship component.

By setting up two complementary programs we are being sensible in facing the reality that not all of our untrained youth possess the same ability. Some are more capable than others. But all are alike in their common background of poverty and lack of opportunity for acquiring education and training as long as they remain in intolerable home environments.

Mr. Chairman, I wish to move for the restoration of funds for this very important item, in accordance with the supplemental request. The Vocational Education Act of 1963 represented a great milestone in the history of educational legislation and was one of those acts that prompted President Johnson to label the 88th Congress as "the education Congress." Let us not detract from that very worthy title by denying funds for one of the most pressing purposes for which the legislation was designed. I am sure that the Senate of the United States recognizes that the millions of unemployed and underprivileged youth who have dropped out of school and who are today a threat to our economic and social progress deserve one of the opportunities that the Congress through this legislation has made available. These schools, by providing both educational and residential facilities for needy and able youngsters who can thereby become productive members of our society, should be approved. I urge your support of this budget request.

#### QUESTION AS TO SITES

Senator SALTONSTALL. Senator, is not the problem that there is no firm proposal as to where the sites are to be? The House put the \$25 million in, the Senate took it out and it was left out in conference, is that not correct?

Senator YARBOROUGH. That is correct.

Senator SALTONSTALL. The reason was that there was no definite firm proposal as to where these schools should go?

Senator YARBOROUGH. The House committee, in its report, directed that the Department of Education not pick these sites until money was appropriated. The Senate directed them to pick the sites before the money was appropriated. They were hoist on this petard.

It was utterly impossible for the Department of Education under those conditions, and the Washington Post, in writing an editorial about that said:

Even Charles Dickens who delighted in confronting his characters with insoluble legal tangles would be hard put to create a situation as ludicrous as that facing the Office of Education.

The two Houses take diametrically opposite positions.

Senator SALTONSTALL. Is there any opportunity for Congress to have any chance to see where these sites are selected before the money is spent on them? Once we appropriate this \$25 million, then the Department of Education really has a carte blanche to put them where they think wise?

#### EXAMPLES OF SITE SELECTION

Senator YARBOROUGH. The agreement is that one will be in the District of Columbia. One will be here. There was a general understanding that one would be in the Spanish Southwest because the Spanish-speaking areas are the lowest income and lowest education level in the country.

For example, in my own State the average educational level of the average Spanish-speaking person is 4.9 years of schooling; for the average Negro, 6.9. One will be in Appalachia, but that is not binding. The one in the District of Columbia was considered as binding. There are 50 different places seeking this—different States and areas.

The Office of Education is under the judgment that there will be, in certain areas of unemployment, training needed for those areas. I think the Office of Education has found that about half of those applying meet the criteria in the bill, about 25 of them out of the 50.

#### ADVISORY COMMITTEE PROVIDED

There was also provided there should be an advisory committee. Under those procedures that advisory committee had not been set up at the time the two Houses were putting in these conflicting obligations on the Office of Education. Now that Advisory Committee has been set up of leaders in vocational education all around the country.

The Department for the first time has got to get the advice of this Advisory Committee. That is provided in the law. They have had one meeting. They didn't have time to have the meeting and get the advice before the action was completed.

Senator SALTONSTALL. Our problem then is to determinè whether the Senate should reverse the position that it took, say, a month ago or less than a month ago?

Senator YARBOROUGH. Yes, sir. But the Office of Education is in a better position to lead now. For the first time they have the Advisory Committee. Even if the Advisory Committee be provided for in the law, had it been set up before, they were told by the House you can't get this money until you pick the sites first.

Senator SALTONSTALL. I thank the chairman.

## FURTHER QUESTION OF SITE SELECTION

Senator McCLELLAN. I just want to ask a question.

I came to hear the small business proposal but I can leave my proxy with you on that.

Senator, I want to ask one or two questions. Are there conflicting provisions still in existence and the purpose is for the Senate to retreat from its position so that they can proceed to select the sites?

Senator YARBOROUGH. Senator McClellan, of course, when that died in the general appropriation bill and was not appropriated, the conflict—

Senator McCLELLAN. There is no conflict now?

Senator YARBOROUGH. It is a new matter. The President has now requested the \$25 million so that the Office of Education can go ahead and pick these five sites.

Senator McCLELLAN. In other words, if this appropriation is made, unless there is some limitation in the appropriation they will be able to proceed promptly to select sites and to implement the program?

Senator YARBOROUGH. Yes, sir. The Senator is right because now they have this Advisory Committee.

Senator McCLELLAN. Has the Advisory Committee now been appointed?

Senator YARBOROUGH. Yes, sir; it has been appointed.

## SCHOOLS CONTEMPLATED

Senator McCLELLAN. One other thing. How many schools are contemplated?

Senator YARBOROUGH. Five.

Senator McCLELLAN. Only five in the United States?

Senator YARBOROUGH. The Senate passed a bill for 15 figuring it would take that to have each region adequately represented. The House cut it down to one. In conference we worked out a compromise of five. We don't think it is enough to reach each region. There ought to be one in each region.

## OFFICE OF EDUCATION

**STATEMENTS OF FRANCIS KEPPEL, COMMISSIONER OF EDUCATION; JOHN F. HUGHES, EXECUTIVE OFFICER; DR. JOHN R. LUDINGTON, DEPUTY ASSOCIATE COMMISSIONER, BUREAU OF EDUCATIONAL ASSISTANCE PROGRAMS; DR. WALTER M. ARNOLD, ASSISTANT COMMISSIONER AND DIRECTOR, DIVISION OF VOCATIONAL AND TECHNICAL EDUCATION; AND JAMES F. KELLY, DEPARTMENT BUDGET OFFICER**

## SCHOOLS CONTEMPLATED

Senator McCLELLAN. How large a school do you contemplate?

Mr. KEPPEL. An average of 1,000 students.

Senator McCLELLAN. This is to accommodate only 5,000 people?

Mr. KEPPEL. Yes, sir.

Senator McCLELLAN. \$25 million to accommodate 5,000 people?

Mr. KEPPEL. That is right.



Senator McCLELLAN. In 1 year's time?

Mr. KEPPEL. In the first year, sir, the estimate was \$5 million including both planning and construction. The operation we would estimate of course, at much less; namely, \$2 million.

Senator McCLELLAN. Are you going to construct buildings?

Mr. KEPPEL. We think we will have to, sir.

Senator McCLELLAN. This will be something comparable to a high school building that will accommodate 1,000?

Mr. KEPPEL. The emphasis, Senator, is on the residential part; that is, these young people are to live there so that part of the building would be dormitories.

Senator McCLELLAN. You will build one facility to accommodate you estimate about 1,000 people?

Mr. KEPPEL. That is right.

Senator McCLELLAN. Each one of them will do that?

Mr. KEPPEL. That is right.

Senator McCLELLAN. You are going to build them in five different sections of the United States.

Mr. KEPPEL. Yes, sir.

Senator McCLELLAN. You haven't selected those areas yet?

Mr. KEPPEL. No, sir.

#### LOCATION OF SITES

Senator McCLELLAN. I think you ought to be able to tell us at least the general area where they are going to be constructed and not leave the whole thing up in the air. Where do you think they will be constructed?

Mr. KEPPEL. To go back to Senator Yarborough's excellent statement—

Senator McCLELLAN. I am sorry I did not hear all your statement. This may have been covered.

Senator YARBOROUGH. Senator, there was agreement that one would be in the District of Columbia.

Senator McCLELLAN. I would think that one properly belongs here. I just thought we ought to get a little idea though. I don't expect one in Arkansas, I am not asking for that. Go ahead. We may not need it, I don't know.

Mr. KEPPEL. First, the District of Columbia. Second, in the Appalachian region for reasons that have to do with the number of young people, 15 to 21, who are out of work and unemployed.

#### AIMS OF PROGRAM

Senator McCLELLAN. Just what are these schools to do? What is their program?

Mr. KEPPEL. The program is to last certainly 2 and maybe 3 years—

Senator McCLELLAN. Not how long will it last. What does it do?

Mr. KEPPEL. Train them for particular jobs.

Senator McCLELLAN. This is a job-training program?

Mr. KEPPEL. Yes, sir.

Senator McCLELLAN. You are going to try to put these schools in those areas where possibly there are the most jobless, the most distressed areas, where people need to be retrained in order to get into the job market again?

Mr. KEPPEL. I think I should say to be trained, not retrained because these are young, they are 15 to 21 by the law.

Senator McCLELLAN. This is not a retraining program?

Mr. KEPPEL. No, sir.

Senator McCLELLAN. This will take the youth and train the youth?

Mr. KEPPEL. Yes, sir.

Senator McCLELLAN. Exclusively, is that what it is?

Mr. KEPPEL. Yes, sir.

#### RETRAINING PROGRAMS

Senator McCLELLAN. Then we have our retraining programs outside of that?

Mr. KEPPEL. That is right.

Senator McCLELLAN. Why could they not be consolidated if you are going to teach one new trade why could you not teach a fellow that had another trade and teach one that had no trade at all in the same school?

Mr. KEPPEL. The manpower and retraining program is not aimed specifically at an age group. This is experimental; I think I should emphasize this. The Congress intended that an experimental effort should be made in residential schools on this group of youngsters.

Senator McCLELLAN. I asked the question because we do try to avoid duplication.

Senator YARBOROUGH. May I be excused not because of the lack of importance, I think this is terrifically important, but I am a conferee on the impacted school aid and NDEA extension.

Chairman HAYDEN. Certainly.

Senator McCLELLAN. I thank the chairman. I just want to get my bearings here.

#### CONSTRUCTION OF FIVE AREA RESIDENTIAL VOCATIONAL SCHOOLS

##### CONGRESSIONAL ACTION AND SENATE REPORT

Chairman HAYDEN. This item proposes an appropriation in the amount of \$25 million for the construction of five area residential vocational schools. The same request was recently considered when the regular Labor-Health, Education, and Welfare appropriation bill was before the Congress. The House allowed the \$25 million and the Senate disallowed it.

The Senate position prevailed in conference, and no funds were appropriated for the five schools. The following comment appeared in the Senate report:

The estimate and House allowance included \$25 million for the construction of five area residential vocational schools. The committee has been informed by the Office of Education that to date there has been no site selection for any of the schools, even though the legislative history suggests that one of the schools be constructed in the Metropolitan Washington, D.C., area. The committee does not believe that funds should be appropriated to construct these schools until such time as all of the sites have been selected and the committees notified and therefore has deleted \$25 million from the bill.

#### JUSTIFICATION

Senate Document No. 99 and the justifications of the estimates will be printed in the record at this point.

(The documents referred to follow:)

[S. Doc. 99, 88th Cong., 2d sess.]

COMMUNICATION FROM THE PRESIDENT OF THE UNITED STATES TRANSMITTING A PROPOSED SUPPLEMENTAL APPROPRIATION, FOR THE FISCAL YEAR 1965, IN THE AMOUNT OF \$25 MILLION FOR THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

THE WHITE HOUSE,  
Washington, September 23, 1964.

THE PRESIDENT PRO TEMPORE OF THE SENATE.

SIR: I have the honor to transmit herewith for the consideration of the Congress a proposed supplemental appropriation for the fiscal year 1965 in the amount of \$25 million for the Department of Health, Education, and Welfare.

The details of this proposed appropriation, the necessity therefor, and the reasons for its submission at this time are set forth in the attached letter from the Director of the Bureau of the Budget, with whose comments and observations thereon I concur.

Respectfully yours,

LYNDON B. JOHNSON.

EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
Washington, D.C., September 22, 1964.

THE PRESIDENT,  
The White House.

SIR: I have the honor to submit herewith for your consideration a proposed supplemental appropriation for the fiscal year 1965 in the amount of \$25,000,000 for the Department of Health, Education, and Welfare.

"DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

"OFFICE OF EDUCATION

"EXPANSION AND IMPROVEMENT OF VOCATIONAL EDUCATION

"For an additional amount for 'Expansion and improvement of vocational education,' for carrying out section 14 of the Vocational Education Act of 1963,' \$25,000,000."

This proposed supplemental appropriation will provide for initiation of a program authorized in the Vocational Education Act of 1963, which will demonstrate the feasibility of residential vocational schools for meeting the special needs of youths living in crowded and slum conditions. For such youths, full-time study in a residential school holds promise of providing successful vocational preparation.

This amount was included in the 1965 budget and therefore will have no effect on the totals for 1965.

I recommend that the foregoing proposed supplemental appropriation be transmitted to the Congress.

Respectfully yours,

KERMIT GORDON,  
Director of the Bureau of the Budget.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, OFFICE OF EDUCATION

*Expansion and improvement of vocational education*

Appropriation, fiscal year 1965.....	\$158, 296, 000
Request.....	25, 000, 000

PURPOSE AND NEEDS FOR SUPPLEMENTAL FUNDS

Funds are requested to implement the program of residential vocational education schools authorized by section 14 of the Vocational Education Act of 1963, Public Law 88-210.

EXPLANATION OF LANGUAGE

The proposed language authorizes the appropriation of funds to carry out the program.



“OFFICE OF EDUCATION

“APPROPRIATION ESTIMATE

“EXPANSION AND IMPROVEMENT OF VOCATIONAL EDUCATION

“For an additional amount for ‘Expansion and improvement of vocational education,’ \$25,000,000 for carrying out section 14 of the Vocational Education Act of 1963.”

*Amounts available for obligation*

	1965 presently available	1965 revised estimate	Increase
Appropriation.....	\$158, 296, 000	\$183, 296, 000	\$25, 000, 000

*Obligations by activity*

	1965 presently available	1965 revised estimate	Increase
Grants to States and possessions under George-Barden and supplemental acts.....	\$34, 796, 000	\$34, 796, 000	-----
Grants to States under Vocational Education Act of 1963.....	106, 650, 000	106, 650, 000	-----
Research and special project activities.....	11, 850, 000	11, 850, 000	-----
Work-study programs.....	5, 000, 000	5, 000, 000	-----
Residential vocational schools.....	-----	25, 000, 000	+\$25, 000, 000
Total obligations.....	158, 296, 000	183, 296, 000	+25, 000, 000

*Obligations by object*

	1965 presently available	1965 revised estimate	Increase
41 Grants, subsidies, and contributions—total obligations by object.....	\$158, 296, 000	\$183, 296, 000	+25, 000, 000

*Summary of changes*

1965 enacted appropriation.....	\$158, 296, 000
1965 revised estimate.....	183, 296, 000
Total change.....	+25, 000, 000

INCREASE

Program increase: To initiate the program of residential vocational schools authorized in 1965..... 25, 000, 000

EXPLANATION OF CHANGES

The Vocational Education Act of 1963, Public Law 88-210, authorizes an amount of \$30 million for fiscal year 1965 for the work-study program and residential vocational schools. An amount of \$5 million is currently available for work-study programs. The increase of \$25 million will support the construction of five residential schools to provide for youths needing full-time study on a residential basis.

	1965 presently available	1965 revised estimate	Increase
Residential vocational schools (object class 41).....	-----	\$25, 000, 000	\$25, 000, 000

## JUSTIFICATION OF ESTIMATE

Supplemental funds are requested in the amount of \$25 million to carry out the authorization contained in the Vocational Education Act of 1963 (sec. 14) which permits the Commissioner of Education to make grants to eligible agencies for residential vocational schools.

These funds were originally requested in the regular appropriation bill for fiscal year 1965 and were deleted by the Congress on the grounds that the planning and selection of sites for the schools by the Office of Education had not proceeded far enough for congressional approval of the funds.

*Urgency of congressional action*

The President has requested that the Congress reconsider this need as an urgent item to fulfill the objectives of the Vocational Education Act of 1963. Despite the fact that procedures have not permitted receipt of formal applications up to this date it is obvious there are a significant number of interested and potentially eligible applicants for these schools. Detailed information has already been received from about 35 such agencies throughout the country with sufficient indication that these agencies would probably meet the requirements of the act. Almost 100 additional inquiries have been received from interested agencies. Thus, widespread interest in the program is well established and assures prompt response to formal application processes.

The congressional history of this legislation clearly indicates that five such schools should be approved in the first year of the program and that the District of Columbia metropolitan area should be the location of one of the projects.

*Demonstration nature of the program*

In view of the limited authorization provided by section 14 of the act, which expires in 1968, we must move rapidly to initiate these projects and place them in operation to demonstrate their effectiveness within the time available. The loss of the fiscal year 1965 for initiating these projects would be a very serious impediment to fulfilling the program.

*Relation of schools to the Economic Opportunity Act*

In addition to the desirability of identifying sites the action of the Congress in disallowing these funds for fiscal year 1965 indicates some confusion as to the relation of these projects with the Job Corps authorized by the Economic Opportunity Act. It is to be pointed out that the authorization of section 14 is limited to youths 15 to 21 who need "full-time study on a residential basis in order to benefit from such education." This is to be contrasted with Job Corps trainees under the Economic Opportunity Act who will receive only part-time educational services.

*Status of program*

The regulations for this program are ready for approval and issuance by the Secretary of Health, Education, and Welfare. The application forms and instructions are ready for issuance to interested applicants. The statutory Advisory Council established by the Vocational Education Act of 1963 has met and approved the criteria for selection of schools among eligible applicants. It is expected that all formal applications will be received by mid-November and that awards may be made soon thereafter. The funds to launch this program are urgently needed.

*Estimated requirements*

In order that a flexible and complete curriculum may be offered, each of the five schools should provide for at least 1,000 students. The cost of such a facility is estimated to be \$5 million and will provide 20 shops or laboratories, 20 classrooms, equipment, dormitories, health, dining, and recreation facilities.

## STATEMENT OF THE COMMISSIONER OF EDUCATION

Chairman HAYDEN. The witness is Mr. Francis Keppel, Commissioner of Education. You may make your statement now, sir.

Senator McCLELLAN. May I ask one other question?

Mr. KEPPEL. Yes, sir.

Senator McCLELLAN. Is this a part of the antipoverty program or is it in addition?

Mr. KEPPEL. It is not a part of the antipoverty program.

Senator McCLELLAN. This is not? It is a further experiment and expenditure out and beyond the antipoverty program?

Mr. KEPPEL. Yes, sir. It is definitely a part of the vocational and technical training program with the long history.

Senator McCLELLAN. I thought a part of our antipoverty program was to educate people and train them for jobs and so forth. I don't think you can fight poverty by simply handing out deals. You have to do something to give these people the training to meet opportunities of employment.

Senator HAYDEN. Senator Young.

#### POSSIBLE USE OF DISCONTINUED MILITARY FACILITIES

Senator YOUNG. I want to ask something about these five regional school facilities you are going to build to train youth.

Mr. KEPPEL. Yes, sir.

Senator YOUNG. Have you investigated the possibility of using military facilities that have been discontinued?

Mr. KEPPEL. It has been explored; yes, sir.

Senator YOUNG. None of them would fit your purpose.

Mr. KEPPEL. I wouldn't go that far, sir.

Mr. ARNOLD. They are under consideration.

Mr. KEPPEL. Mr. Arnold has been exploring this. The answer from what I have seen is "Yes," some of them, yes. You need the residential facilities, you need the kind of facility in which you can give specific vocational or technical training.

Senator YOUNG. There must be military installations that have a lot of housing and barracks, they have classrooms.

#### INTENT OF ACT

Mr. KEPPEL. This might well reduce cost, sir, if they could be found in the area to serve the intent of the act because the act states the purposes as meeting, if I can quote it, sir:

The Commissioner shall give special consideration to the needs of large urban areas having a substantial number of youth who have dropped out of school or are unemployed and shall seek to obtain as nearly as possible equitable geographical distribution.

Senator YOUNG. This is an educational training program?

Mr. KEPPEL. Yes, sir.

Senator YOUNG. Will you be working with the present vocational institutes?

Mr. KEPPEL. The whole thing is to be worked out in close collaboration with the school systems which themselves have the usual vocational training which of course is not residential. This is for a group of young people which in the judgment of the school need residential, they have to be put into a residential situation.

#### QUESTION OF PREFERENTIAL TREATMENT

Senator YOUNG. You are going to give them preferential treatment over those who are trying to work their way through vocational schools.



Mr. KEPPEL. I am not sure I can go along with the word preferential, Senator. These are young people who have the ability for this kind of training, whose home circumstances are such, and I am sorry to say there are plenty of them where they don't really have a good chance to learn the vocational trade while living at home.

Senator YOUNG. There is a good deal of merit in giving young people vocational education but I hope you come along in the regular bill and not here at the end of the session when we have a few hours left.

SUPPLEMENTAL REQUEST PREVIOUSLY PRESENTED

Mr. KEPPEL. I should explain, this is up as a sort of special supplemental. This has been before the Senate committee before. We have presented the case for these experimental schools once before.

Senator YOUNG. And it was turned down by the Senate.

Mr. KEPPEL. Yes, sir.

Senator MONRONEY. You have had a great many offers, have you not, from State institutions that have school buildings, facilities, equipment, dormitories, in which they have offered to participate with you and do this instead of having the Federal Government go into the school construction, the hiring of teachers, the maintenance and operation of dormitories such as this program, \$25 million for 5,000 students, entails?

Mr. KEPPEL. Senator, we have had such informal proposals.

Senator MONRONEY. Why have you rejected them?

Mr. KEPPEL. Sir, we have not rejected them.

POSSIBLE CONFLICT WITH STATE VOCATIONAL SCHOOLS

Senator MONRONEY. You are asking for \$25 million now to go on a strictly Federal basis which will put the Federal Government into teacher recruiting and dormitory operations, and things of that kind when your basis of vocational education that is to the help of your Federal Government in this great program, has in the past conducted it and they have many, many junior colleges, junior vocational schools that are operating with great success in the States.

Mr. KEPPEL. May I respond, Senator, on two points because I fear there is a misunderstanding. If I am responsible I am sorry. First, the general point of the Federal Government operating schools or buildings directly. This is not the intent of the act, sir. The act says that there shall be applications for residential vocational schools which are to be operated by the applicant, most definitely not by the Federal Government.

Senator MONRONEY. The Federal Government is just a one-shot aid program, is that correct, it does not stay in the operation anyway.

Mr. KEPPEL. That is right.

Senator MONRONEY. Once the building is built it is the responsibility of the State.

Mr. KEPPEL. Yes; the State or under the act an institution of higher education can apply.

Senator MONRONEY. We will not be able to appropriate further than the establishment of the facility.

## AIM OF TRAINING RESIDENTIAL SCHOOL TYPE OF STUDENTS

Mr. KEPPEL. Then there are operating funds and there is a cutoff date of 1968. The thing I should emphasize, as I understand the intent of the Congress, it was to try out a type of education for a particular group of young people of the boarding school, residential school type, to see whether those young people could be trained for a particular trade more effectively. I think I should emphasize this because clearly this is the Congress wanting to explore and test an idea.

In 2 or 3 years we will receive a report on this and decide whether this is wise public policy or not. Now on the second point about the use of the existing facilities on application. At the time we testified earlier we did not have, of course, any evidence because we had had no formal or informal proposals. Since that time we have had 35 proposals with enough detail to show the potential ability to conduct a program. They come from 22 States. In addition we have had probably at least another 100 inquiries, not to the state of a proposal or formal expression of interest, plus lots of mail, sir.

## ADAPTATION OF EXISTING FACILITIES

Therefore, since we have had a chance to be before you we have learned something from these proposals. I may say, Senator, that in my judgment, and you will recall, Senator Yarborough's statement that this will be reviewed by an advisory committee, therefore I can speak only for myself, in my judgment there are possibilities of existing facilities that could be adapted.

I think that would cost some money to adapt the facility for this purpose. But it might cut the capital cost estimate that we made coming to you before. We made a conservative, in my judgment, statement if we had to build these for a thousand young people as Senator McClellan asked, it might cost us \$5 million to do it. This was a conservative way of going at it.

It might well be possible to increase the number, based only on those proposals which we have had so far without money, of course.

## STATE PARTICIPATION

Senator MONRONEY. Would \$25 million, however, encourage States with vocational educational and boarding facilities now available in many of the States to get this thing underway years sooner and take care of far more than the 5,000 you are contemplating in this emergency demand?

Mr. KEPPEL. It is possible although I have to say that not all the States or the regions that otherwise meet the criteria of the act would have the available facilities. They are not as widely spread as that.

Senator MONRONEY. You are only going to take care of five regions. And these have already pretty well been located and understood where they are going?

Mr. KEPPEL. You understand, sir, this is based on the fairly conservative notion that it would take the \$5 million to get one started. I personally hope we can have more.

Senator McCLELLAN. It is an experiment.

Mr. KEPPEL. It is an experiment.

Senator MONRONEY. If the Federal Government is going to do it you have to build the plant. If you allow the State to do it they have existing faculty, they have existing dormitory facilities in many cases, they have a going concern with student educational aids, and can immediately pick up maybe an 18-hour operation instead of a one-shift operation and expand their fine work and their curriculum which they have already established and in which the teachers are trained to carry on.

Senator McCLELLAN. Your thought is, Why not take existing facilities and augment them through assistance from the Federal Government with the States cooperating where the facilities are available?

Senator MONRONEY. Yes.

#### POSSIBILITY OF RENTAL OF FACILITIES

Senator McCLELLAN. I can appreciate you may go into the heart of New York where you want to train a thousand of them or some other area where you would need to either rent or construct facilities. While it is on an experimental basis it seems to me it would be prudent to rent the first year or two rather than to go ahead and construct a million dollars—it will run \$2 or \$3 million before you get through—structure and find the experiment does not work and you have surplus property.

Mr. KEPPEL. May I say I agree with the implications of the comments of the Senators on this. I would have to say, sir, that such residential facilities are not as widely spread as one might think.

In order to get geographical distribution we may have to do some building.

#### SITUATION AS TO BUILDING FACILITIES

Mr. ARNOLD. Senator, even where it might be essential or appropriate to start from scratch to build, the Federal Government would not be building the buildings. Some administrative agency such as a State educational agency or an institution of higher education would assume the responsibility for establishing the program. So that we would not in any sense be conducting, building, establishing or conducting Federal schools.

The schools would be operated by some appropriate educational agency either in a large city or State.

Senator SALTONSTALL. Would you permit a question?

Senator MONRONEY. Certainly.

Senator SALTONSTALL. I think the Senator from Oklahoma. Mr. Keppel, this is purely capital money you are asking us for.

Mr. KEPPEL. In the first year.

Senator SALTONSTALL. No operating money?

Mr. KEPPEL. There will be operating money later. Our problem is to get them started.

#### LANGUAGE SUGGESTION

Senator SALTONSTALL. Along the lines that the Senator from Arkansas and the Senator from Oklahoma have been asking you, would it be helpful, assuming we appropriated \$25 million if we put in such language that it could be capital and operating with existing facilities in the various States.



Mr. KEPPEL. It would be helpful, sir. We would be grateful if the Senate would so consider it.

Senator SALTONSTALL. I would like to ask the Senator from Oklahoma if that would not carry out somewhat the idea he has in mind.

Senator MONRONEY. It would indeed because I feel that while the fiscal facility itself might not be next door to where the student will be, if it is in the general area the students are quite mobile and if they are going to be boarding students anyway, the proximity of the home is not urgent. For that reason, I think if there are available facilities, going concerns, why your cost will be greatly reduced and those facilities should be used or expanded instead of new ones built.

#### RELEVANCY OF POVERTY PROGRAM

How much has this been dovetailed in with the vocational program of the poverty program?

Mr. KEPPEL. The particular part of the poverty program that I think would be relevant here, Senator, would be what are called within title 1 of the Economic Opportunity Act, the Job Corps training centers.

You will recall there were two kinds of centers. One of them something in my youth I used to think of as the CCC type, which is clearly different from what we have been talking about today. The other one is called the Job Corps training centers. As I understand it, it differs in three ways. First, there is the intention here of the Congress to test out an idea of a residential school as a matter of public policy over the long term. The antipoverty program is aimed at meeting some immediate problems as I see it with a somewhat different social objective.

#### TYPE OF STUDENTS TO BE TRAINED

Point 2. The students in the residential vocational schools we are talking about are to be students who are fully able to be trained. They are up to being trained for a specific vocational or technical occupation on a full-time basis; it will probably take a couple of years or more.

They might come in as in their sophomore year in high school. This is not, as I understand it, the intent of the Job Corps training centers which are for people to be brought up to the point where they will be able to take the training in these vocational residential centers. It is a different kind of level.

#### TIME INVOLVED

Finally, there is a difference in time involved. The Job Corps would usually be a 1-year period. This would much more likely be certainly 2 years, probably 3. I think there is quite a substantial difference between the two.

Senator MONRONEY. This will be a 3-year college course.

Mr. KEPPEL. Well, below the level of college.

Senator MONRONEY. What level of education will they have to have to go into this?

Mr. KEPPEL. I used the word "sophomore"; I am sorry. It is my fault. It would be the 10th grade.

Senator MONRONEY. Junior year in high school?

Mr. KEPPEL. Sophomore year.

## VALUE OF EXPERIMENTAL NATURE OF SCHOOL TYPES

Mr. ARNOLD. One of the great values of the experimental nature of this type of school would be to depart from the normal conventions that are normally found in the secondary school of the country and rather to direct these programs more to a tailor-made curriculum which would try to remove the educational deficiencies of these young people who would be referred in and equip them to enter into the labor market at, say, the earliest practical time without basing everything on the conventional or post-high-school program.

Senator MONRONEY. You certainly are not going to teach mathematics and English in this so-called vocational school; are you?

Mr. ARNOLD. Oh, yes.

Senator MONRONEY. You are?

Mr. ARNOLD. Yes. That could be a part of the curriculum of the student.

Senator MONRONEY. Badly as we need vocational training for the high school students that are coming out?

## VALUE OF MATHEMATICS

Mr. KEPPEL. I would have to argue that for much of the vocational and technical training mathematics is essential. If a fellow is going to get into vocational or technical training he has to have strong math. He may not have it by the 10th grade.

Senator MONRONEY. Are you trying to train electronic engineers?

Mr. KEPPEL. No, sir.

Senator MONRONEY. I thought it would be a man who worked with his hands, in the skills of repair of radar, television, electronics when there is a pattern to follow.

Mr. KEPPEL. I do not mean advanced mathematics but a firm handling of the arithmetic processes and certainly not the advanced algebra or geometry necessary for the kind of training.

Mr. ARNOLD. They would almost need these basic subjects in order to master the technical and manipulative aspects of the operations especially today with the technological change in the occupations. It is almost impossible to train a person today without giving him the related mathematics and science at the level at which he is going to enter the labor market.

## NECESSITY FOR VOCATIONAL TRAINING

Senator MONRONEY. I thought the high schools were to be given funds to implement these programs. Why do we need boarding schools for the boys to attend?

Mr. KEPPEL. It is almost as necessary for the vocational training. But they are in residence in this school. This is a portion of the overall daily program.

Senator MONRONEY. I am in favor of giving them all the math we can. I think we have demonstrated that in our program to help their high schools. Are these dropouts? Where are they going to come from?

Mr. ARNOLD. They could be potential dropouts. This provides for entrance of the students at age 15 where the compulsory school laws of the State are such that a student was still under, that he might be

referred in here. The chief difference between the students who would enter these schools and students who would follow more or less the regular pattern of vocational education—these youngsters would be primarily chosen because of a serious home environment situation where it appears that they are not going to be able to remain in the regular school system because of the serious environment they find in the home situation.

Senator MONRONEY. I have no further questions.

Senator SALTONSTALL. May I ask one more question, Mr. Chairman?

Senator HAYDEN. Certainly.

#### NOTIFICATION OF CONGRESSIONAL COMMITTEES

Senator SALTONSTALL. Mr. Keppel, while the Congress cannot invade the executive department and make decisions and so forth, it can, and we have in many instances asked the department to notify the Congress or notify the appropriate committees what they have in mind to do.

Now would you have any objection if we passed this appropriation saying that the Office of Education should notify the Appropriation Committees of the House and the Senate where they intend to place these schools and if nothing was heard within 30 days why they could go ahead.

If Congress had any objection, then we could perhaps have a hearing. Now that is done in a lot of defense matters I know and other matters. Would you have any objection to a provision of that kind.

Mr. KEPPEL. I am sure we could work under that.

Senator SALTONSTALL. In other words, we would not say "No, you can't." But we would make it possible for us to have an opportunity to hear why you did it.

#### TIMING ASPECT

Mr. KEPPEL. We would be delighted to come forward on that. I think it perhaps might be helpful to the committee if we suggested the kind of timing we had in mind. As Senator Yarborough indicated in his statement, there was a problem involved in which I was put in a kind of "Dickensian" position in connection with this.

There was a reference made, you may recall, "This is a plot out of Dickens." I am quoting Senator Yarborough. The problem was, when could we get the Advisory Committee appointed, which is necessary under the act to review the criteria and the procedures. This has been done. Mr. Celebrezze, my chief, is announcing the names of the Committee today. The Committee has already met. The criteria are written out. The forms are prepared. We would estimate that if we sent this out to the chief State school officers, the Commissioner of Education like Mr. Kiernan, for example, and the others, we could reasonably ask that proposals come in by mid-November.

Then we have tentatively already arranged a meeting, for other reasons, of the Advisory Committee on November 23 and 24 and we could proceed after that.

Senator SALTONSTALL. Assume you were ready on December 1, if we gave 45 days so that Congress could have until January 15 and so on, would you have any objection to that?



Mr. KEPPEL. I would not. Mr. Kelly who represents the Department could speak, sir.

Mr. KELLY. I think not.

Senator SALTONSTALL. I think it would be helpful if you are going to get this appropriation to have something of that kind in it. Thank you, Mr. Chairman.

#### CONTEMPLATED AREAS OF GRANT APPLICATIONS

Senator ALLOTT. Mr. Chairman, I have some questions. You gave us three regions, District of Columbia, the Southwest, and the Appalachia area. Where else are they contemplated?

Mr. KEPPEL. Again, I am trying to interpret the language of the act. If you will forgive me, I will read the instructions.

In making such grants the Commissioner shall give special consideration to the needs of large urban areas having substantial numbers of youth who have dropped out of school or are unemployed and shall seek to obtain as nearly as practicable in the light of the purposes of this section an equitable geographical distribution of the schools.

With that in mind, clearly when you combine the needs of large urban areas with the geographical distribution in addition to those mentioned, I should have assumed that great centers of population would certainly require special consideration such as the North Central, or the Northeast.

#### QUESTION OF GEOGRAPHICAL DISTRIBUTION

I would have thought, sir, that clearly under the intent of the act one on the west coast should be given priority—may I use that word—in view of the language of that word “equitable geographical distribution.”

I think I should emphasize again, sir, that clearly one of the variables is the proposals that are received, proposals in the sense of the willingness, eagerness of the area or the particular institution, school system, or whatever it is to take it on, and second, the facilities, staff they have, and third, their interest in carrying it on under their own steam. That is another criterion. All of these criteria would have to be thrown into the bag.

Sorry to have given such a long answer.

Senator ALLOTT. We have District of Columbia, the Appalachian area, west coast, and the Northeast area. Where is the other one?

Mr. KEPPEL. The Southwest, sir, for reasons of the special problems of young people in areas where there is a large concentration in the Mexican-Spanish speaking group, and the Indians.

#### JOB SITUATION IN TEXAS

Senator ALLOTT. The job situation should not be considered critical in Texas. Texas just got the TFX, a billion-dollar program. Since last December they have gotten another program which will amount to a billion dollars for the construction of a replacement of the Crusader of four. They have gotten \$400 or \$500 million construction project for certain helicopters. The job situation in Texas should be good. I don't see why all of this stuff should dump into Texas. You know

there are other States in the South and West who also have large Spanish-American populations. You have large industrial areas, too. And a lot of Indians.

Mr. KEPPEL. I am trying to give criteria, sir.

Senator ALLOTT. It is a fact in your own mind it is contemplated there will be one of these in Texas?

Mr. KEPPEL. No, sir. I am speaking about an area.

#### COST AND SCOPE OF CENTERS

Senator ALLOTT. Now, your statement says in order that a flexible and complete curriculum may be offered each of the five schools should provide for at least 1,000 students. The cost of such a facility is estimated to be \$5 million and will provide 20 shops or laboratories, 20 classrooms, equipment, dormitories, health, dining, and recreation centers.

What you are planning on doing is investing \$5 million in each of five centers for which the Government will be completely establishing the school and all the physical facilities connected with it?

Mr. KEPPEL. I think, sir, there may have been, in my response to earlier questions—

Senator ALLOTT. No, I am reading your statement.

Mr. KEPPEL. I know you are, sir, but since this was entered we have had expressions of interest and demonstrations from various parts of the country of possibilities in which some existing facilities could be used.

Senator ALLOTT. Of course, when the Federal Government offers \$25 million, \$5 million to an individual State, you are going to have people exhibit an interest in getting this free grant of \$5 million. What else would you expect?

Mr. KEPPEL. I did not make myself clear, I am sorry. I was commenting to the point of using all of the \$5 million for construction of facilities. Proposals have come in in which adaptation of existing facilities would be a possibility.

#### DIFFERENTIATION IN PROGRAMS

Senator ALLOTT. Under the Economic Opportunity Act, how do you differentiate between title I, part A, which is the Job Corps and takes people 16 to 21, and this?

Mr. KEPPEL. I think the key place under title I of the Job Corps of the Economic Opportunity Act is the category described as Job Corps training center. The difference comes in three parts. First, this program is designed and explicitly so by the Congress as a research, experiment, demonstration program to provide evidence for the Congress 3 or 4 years from now, 1968, as to which such residential vocational training centers are a desirable public policy for continuation. There is not a commitment to this by either the Congress or the administration. This is not true of the training centers in the Job Corps.

No. 2, these schools are for young people who have the ability to be trained for specific vocational and technical occupations. They show those qualities. What they lack is the adequate home circumstance.

Senator ALLOTT. Who is going to determine what these home circumstances are, a bunch of social workers?

Mr. KEPPEL. No, sir; the public school system. The group that is going to be running this in the proposal is going to be asked to say what the evidence is that there are young people who would benefit from this kind of school in their judgment rather than the existing public school system. This is a matter on which Mr. Arnold could give more detail than I can but I think the principle is clear.

#### ANTICIPATED EXTENT OF PROGRAM

Senator ALLOTT. You have here what is supposed to be a vocational program. You set up five schools which cannot possibly begin to reach out over the entire country. Now, I do not think that they are under any hallucinations as this committee certainly is not, that once \$5 million has been given out for the construction of facilities for a college or a school or a State, that this program is going to end in 4 years because then Congress will be subjected to a clamor from every State in the Union that they want one of these facilities for themselves.

So, we are not talking about a 4-year program and I am sure you are just as aware of it as we are. Why don't you, if you really want to do something for these people, why don't you beef up your regular vocational educational program and make it a meaningful program, a more meaningful program throughout the States?

My own State has a good program and as far as I know a similar, and I have no reason to believe it is not as good as ours, program exists in every State in the Union. I have always had a great interest in this particular field, myself.

Now, in most States we have small colleges, we have junior colleges which are ideal for this type of program, and they could carry on this program very, very effectively without building all these fancy facilities, and they would provide, if you spread this money, for a vocational educational program throughout the United States, real meaningful training for a lot more students than you are ever going to get out of this one.

#### CHANGES IN VOCATIONAL TECHNICAL ACT

Mr. KEPPEL. May I reply in two ways? First, I think the Congress passed in this session a series of changes in the Vocational Technical Act that meets your statement about a great strengthening of the existing vocational and technical program.

I think we agree, sir, it is probably a first-rate act. This is part of that act. Here, I think, I might enter a demurrer. I might have hallucinations, sir, I don't deny that.

Senator ALLOTT. I said you were not under any hallucinations.

Mr. KEPPEL. No; I volunteered.

Senator ALLOTT. I don't think you are.

Mr. KEPPEL. With regard to these residential schools, this is of course, the key to what the Congress wishes to experiment with. I think you will find in the next several years that the management of these schools will not be one of the easiest things in the world.

As an educator, I would not want to predict that it would be the judgment of the Congress, the administration, or all those concerned



that such schools are necessarily the best way of solving the problem of this kind of young man seeking aid. We will learn a lot, Senator, we will learn a lot from this.

#### LIMITATION ON PARTICIPATING STUDENTS

I personally think that there is a real limitation on the number of young Americans who should be put into some kind of boarding facility, real limitation. I happen to believe in the value of the young people being at home during the course of this period up to 18 or 19 years old. I would not want to go so far as to say automatically these will grow and spread. I think we have a real testing job to do and it will be a tough one.

Senator ALLOTT. Are there any funds in this \$25 million for salaries and expenses?

Mr. KEPPEL. Not in the proposal before you.

Senator ALLOTT. This \$25 million?

Mr. KEPPEL. No, sir.

Senator ALLOTT. Are there any salaries and expenses for the operation of these schools?

Mr. KEPPEL. We discussed the question whether in the first year there could be such funds for operation. I would hope there would be provided, if it were possible, between now and June 30 actually to get one underway, a grant made to the institution that is applying, the public school system or whatever it is.

#### SALARIES AND EXPENSES INCIDENT TO PROGRAM

Senator ALLOTT. There are no salaries and expenses for the operation of this program in the \$25 million?

Mr. KELLY. In the event that a school were to be completed or you were able to obtain a school that already has existing facilities and get in operation, funds would be available for that purpose.

The plan that we presented to you did not contemplate that you would be ready for operation in this first fiscal year. We would have serious doubt that we can become ready. But the authority would exist to do so if the readiness were to be reached during this period.

Senator ALLOTT. I would simply like to make a statement, Mr. Chairman. I think the Office of Education has a real challenge in the field of vocational education. But I don't think this even begins to meet it nor do I think it is a step in the right direction. I think it is a retrogressive step rather than a progressive step.

#### EFFECT OF FAILURE TO APPROPRIATE FUNDS

Senator BYRD. Mr. Commissioner, what would be the effect of our failure to appropriate this money?

Mr. KEPPEL. Going back, Senator Byrd, if I may, to the purpose of the Congress here which was to experiment and try out this idea, it would delay the whole business for a year before it could get underway and not give, in my judgment, enough time for the Congress to obtain the evidence on the success or failure or semisuccess or semifailure of these schools. I would take it very seriously, sir. I do not think the

Congress could get the data it wants to make up its mind on the question of public policy here.

Senator BYRD. This would inevitably result in at least 1 year's delay?

Mr. KEPPEL. Yes, sir.

#### DISTRICT OF COLUMBIA LOCATION

Senator BYRD. Have you had any discussions with Dr. Hansen concerning the location of one of the vocational schools in the District of Columbia area?

Mr. KEPPEL. Superintendent Hansen wrote on behalf of the school board, noting the congressional interest in one to serve the District of Columbia, noted his interest and stated that he would. I don't recall the language of the letter, Senator Byrd, but he would be coming in as soon as he knew there was an opportunity to apply for funds. That letter was received perhaps 3 or 4 months ago.

Senator BYRD. Is it anticipated that you will construct a new facility in the District or do you feel there might be some existing facilities that can be used?

Mr. KEPPEL. I am afraid I am not competent to answer that, sir. Superintendent Hansen's letter did not cover that topic.

Senator BYRD. Now, when we refer to the District of Columbia area do you contemplate this as possibly allowing you to go outside the District of Columbia or do you think this would be feasible?

Mr. KEPPEL. If my memory serves me, sir, the language of the committee report said the metropolitan area of the District of Columbia.

Mr. KEPPEL. That is right.

Senator BYRD. That would involve what?

Mr. KEPPEL. You have me, sir.

Mr. KELLY. It is a defined term, Senator Byrd, the metropolitan area and what counties are included. Whether or not anybody other than the District of Columbia government would express an interest, we don't know. It is our view under this law what we should do is establish the criteria, make available the regulations and make available the application forms and give people who have an interest in establishing such a center the opportunity to apply.

It may very well be that others in this area would apply in addition to the District. And it may very well be that they would not. We have not as yet taken applications.

#### SCOPE OF METROPOLITAN DISTRICT

Senator BYRD. What adjoining counties will be included in the metropolitan area?

Mr. KELLY. My recollection is that the Metropolitan District as defined by the census includes in Maryland, Montgomery County and Prince George's County, and in Virginia it includes Arlington County, Fairfax County, and Alexandria.

I think there is a small part of Loudoun County that is included in the area. But it defined by census and that is the data we use.

Senator BYRD. Mr. Commissioner, the act of 1963, Public Law 88-210 states that this vocational education shall be for youths at least 15 years of age and less than 21 years of age at the time of enroll-

ment. What kind of increase in the number of, let us say, 18-year-olds can we envision in July 1965 as compared with July 1964?

Mr. KEPPEL. It happens, Senator Byrd, that this is a subject on which I am well involved for highly personal reasons. It affects my daughter, Susan. The situation is this. My daughter, Susan, was born 1 year too late. She is now 17. If she had been born the year before and 18 now, the 18-year-old generation has 2.9 million in it.

The generation that is now 17 is 3.8 million. My daughter, Susan, is trying to get into college, Senator. That is the reason I am so well informed. You have had this dramatic increase in one generation leap becoming 18.

#### PERCENTAGE OF INCREASE

Senator BYRD. Percentage-wise, Mr. Commissioner, how much of an increase would this be?

Mr. KEPPEL. About 30 percent, sir.

Senator BYRD. Would you say that most of this group will enter the labor market without going on to college?

Mr. KEPPEL. I will have to be very careful about the word "most." I am assuming the 18-year-olds in general will have finished high school.

Now, the present pattern in the United States is that a little over 50 percent of those who finish high school—it is running 52 or 53 percent—are going on to some further formal training beyond high school. You have the gap between those who graduate, say 65 percent of all kids of suitable age, those who graduate and those who don't; there is that is a 35-percent gap.

Some of these will go on to further training. We seem to be in a situation in our society were something over half of those who finish their formal school in the high school go on to further training. That is why I am hesitant to use the word "majority."

Senator BYRD. But a very considerable number will go into the labor market without going on to college?

Mr. KEPPEL. Yes.

#### PERCENTAGE OF INDIVIDUALS INVOLVED

Senator BYRD. This then indicates the increased demand on the vocational education program; is that it?

Mr. KEPPEL. You are making the point more clearly than I did.

Senator BYRD. Of that group of young people between the ages of 15 and 21 who would be directly affected by this provision, how many would you say or what percentage would you say are both out of school and out of work now?

Mr. KEPPEL. Will you let me shift it from 15 to 16, between 16 and 20 are the figures that run in my mind, it runs about 15 percent. It is shockingly high. That is where you have them both out of school and out of work, they clearly fall into the unemployed category. The present national rate is 5 percent. The average rate here is 15 percent.

Senator BYRD. 300 percent greater?

Mr. KEPPEL. Yes, sir.

Senator BYRD. Three times as great?

Mr. KEPPEL. It is very disturbing.



## CONGRESSIONAL ACTION

Senator BYRD. Just let me say this, Mr. Chairman. At the time the committee marked up this appropriation the House had allowed \$25 million for the purpose of constructing the five area vocational schools, had it not, Mr. Commissioner?

Mr. KEPPEL. Yes, sir; that is correct.

Senator BYRD. And the Senate committee took the position that inasmuch as the site locations had not been designated, that we should not allow this appropriation. Now, in view of the fact that this would mean a delay of 1 year which is 1 year out of the 4 that are contemplated as covered by the act, I have come to the conclusion that we would be doing a considerable disservice to the young people who would be affected and who would benefit by this appropriation if we fail to make the money available in this supplemental act.

I am convinced, Mr. Chairman, that we should provide some money at least if not the entire \$25 million so that the Department can proceed with locating the facilities and proceed with construction of it.

Mr. Commissioner, could you live with less than \$25 million under the circumstances and still be able to proceed in a progressive way?

Mr. KEPPEL. I have learned to live with less, sir, but I would have to confess I would be unhappy. It would be difficult to get the test that Congress has in mind in various parts of the country with less money.

## DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE COMMITTEE MEMBERS

Chairman HAYDEN. May I state to the committee there is a live quorum and we are supposed to be over there. I would like to place the names of the persons appointed by the Secretary of Health, Education, and Welfare in the record.

Mr. KEPPEL. Yes, sir.

(The list referred to and the Commissioner's complete statement follow.)

Appointment of a National Advisory Committee on the far-reaching Vocational Education Act of 1963 was announced today by Anthony J. Celebrezze, Secretary of Health, Education, and Welfare.

Twelve members were chosen from the fields of labor, management, education, the general public, and one each from the Federal Departments of Agriculture, Labor, and Commerce. The act, signed into law by President Johnson last December 18, names the Commissioner of Education, Francis Keppel, Chairman of the Committee.

Committee members representing labor, management, and education are:

Fred M. Betz, Sr., owner and publisher of the Lamar (Colo.) Daily News, and chairman of the Colorado State Board for Vocational Education; Nelson Jack Edwards, international representative, United Auto Workers, Detroit, Mich.; Mrs. Barry Bingham, vice president, Courier-Journal and Louisville Times, Louisville, Ky.; Paul F. Johnson, superintendent, State Department of Public Instruction, Des Moines, Iowa; J. W. Letson, superintendent, Atlanta Public Schools, Atlanta, Ga.; M. D. Mobley, executive secretary, American Vocational Association, Washington, D.C.; Ralph M. Besse, president, Cleveland Electric Illuminating Co.; William G. Loomis, State Director of Vocational Education, Oregon State Board of Education, Salem, Oreg.; Peter T. Schoemann, president, United Association of Journeymen & Apprentices of Plumbing & Steamfitting Industry, AFL-CIO, Washington, D.C.; Whitney Young, executive director, National Urban League, New York City; Julius Adams Stratton, president, Massachusetts Institute of Technology, Cambridge, Mass.; Alton D. Ice, executive secretary, Vocational Agriculture Teacher Association of Texas, Austin, Tex.

Federal Government members are James L. Sundquist, Under Secretary, Department of Agriculture; John C. Donovan, Manpower Administrator, Depart-

ment of Labor, and William L. Batt, Jr., Area Redevelopment Administrator, Department of Commerce.

They are charged with advising the Commissioner in the preparation of general regulations and on policy matters arising in the administration of the new act and on other vocational education statutes.

Meetings will be held at the call of the Chairman at least twice a year. Public members will receive \$75 per day while engaged in Committee work.

Congress has authorized nearly \$900 million for programs through fiscal 1968 and \$282 million for each year thereafter. The legislation is designed to improve existing programs of vocational education, develop new programs, provide work-study programs for those who need earnings while continuing full-time vocational education, provide for area and residential training schools, research and teacher training. The work-study and residential school programs are authorized for 4 years.

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STATEMENT BY COMMISSIONER OF EDUCATION ON EXPANSION AND IMPROVEMENT OF VOCATIONAL EDUCATION, OFFICE OF EDUCATION

Mr. Chairman and members of the committee, I wish to express my appreciation for the opportunity to appear before you today in behalf of the President's request for funds for residential vocational schools. These projects are authorized by section 14 of the Vocational Education Act of 1963 and the amount required for the five projects which are proposed amounts to \$25 million.

As you know, these funds were originally requested in the regular appropriation bill for the Office of Education but were disallowed on the grounds that the selection of sites had not been completed. The President has urged reconsideration of this by the Congress, and I wish to assure you today that the Office of Education will proceed in accordance with the law to receive applications and make selections among the eligible projects as rapidly and as objectively as possible.

The passage of the Vocational Education Act of 1963 has stimulated a tremendous interest on the part of education agencies throughout the country in the residential vocational schools. These schools are specifically authorized by the Congress to permit a demonstration of the effectiveness of such projects for the education of youths who have dropped out of school and who are unemployed and who require residential education to acquire vocational skills necessary for employment.

Also I wish to draw a distinction between these schools and the projects authorized by the Job Corps under the Economic Opportunity Act. Students who will be selected for these schools under the terms of the act must be between the ages of 15 to 21 and in need of full-time study on a residential basis in order to benefit from vocational education. Job Corps trainees on the other hand will be provided with only part-time educational services to the extent of their abilities and aptitudes for such education. In other words, the selectees for residential schools will be students who have fully demonstrated their ability to perform at high school levels but who have been unable to benefit from such education because of extremely poor residential conditions.

I urge the committee and the Congress to take steps to provide these funds as soon as possible in order that the Office of Education may proceed to carry out this very worthy purpose. I wish to point out that the authorization for these projects has a time limit and unless these projects are constructed and placed in operation soon, we will lose the opportunity to evaluate the effectiveness of these demonstrations by 1968 as the law requires.

Regulations, instructions, and forms are ready for issuance and the advisory statutory committee has now passed upon our criteria for these projects as the law requires. Thus, all possible steps have been taken to initiate the approval of these projects as soon as funds are made available.

STATEMENT OF MR. KELLY ON IMPACT OF PROGRAM CUT

Senator BYRD. May I ask that Mr. Kelly be allowed to submit for the record the statement he was about to make.

Chairman HAYDEN. Yes, sir.

(The statement referred to follows:)

Mr. KELLY. Senator Byrd, you inquired as to the impact on the program if less than the \$25 million requested were appropriated. I just wanted to make several points for your and the committee's consideration in connection with such a proposal.

It is our view that the \$25 million is needed in order to identify, plan, and construct five residential vocational education schools as authorized by the law.

If the committee were to decide to appropriate a lesser amount, the legislative history should make it clear whether the committee intends (1) to reduce the number of schools to be selected, planned, and constructed, or (2) to provide lesser amounts for each school, or (3) to approve the plan for five schools of the scope budgeted but breaking up the funds requested into two parts, some in fiscal year 1965 and the remainder in 1966, on the basis that all of the funds might not be required in 1967 to carry out the program as planned.

Without some such legislative history it would appear to me that the executive branch would have to conclude that their total planning could not assume the subsequent availability of a larger sum of money. Therefore, it would be necessary to plan either fewer schools or schools of a much lesser scope and costs. Either of these conclusions will result in serious program impairments. To avoid this the committee should make quite clear its intent if it should conclude that less than the \$25 million were to be made available.

#### APPROPRIATION URGED

Senator BYRD. May I also say, Mr. Chairman, if I should not be present when the committee marks up the bill that I would hope that this item would be included. I was acting chairman of the bill in the absence of Senator Hill when we marked up the regular bill. I have since received information and in the course of the hearings, as well, received information which leads me to believe that we would make a mistake not to make some appropriation. I would hope that we do so when we mark up this bill.

Senator MONRONEY. Let me ask you one question. Would you consider the capital grant of \$5 million, we will say, for each of these institutions—on the condition that the State or the educational institution then pick up the operating and maintenance fund as part of their share of the establishment of these projects?

Mr. KEPPEL. The authorization language, sir, provides for both operating and capital cost. That is quite explicit in the language.

Senator MONRONEY. For how long?

Mr. KEPPEL. For the length of the program until 1968.

Senator MONRONEY. It chops off at that time?

Mr. KEPPEL. Then it chops off.

Senator MONRONEY. 100 percent of the operating cost or 50 percent or what?

Mr. KEPPEL. It could be 100.

Dr. ARNOLD. Could I add that one of the criteria suggested for making the judgment is the educational agencies' willingness and ability to continue the schools and absorb the cost of operation after the 4-year authorization?

Senator SALTONSTALL. If the Senator will yield I will say to the Senator from West Virginia that you have asked our clerk to try to draft an amendment which will cover the question of operating if we decide to make this appropriation and a second amendment about giving us an opportunity to see where the sites are chosen.

Senator BYRD. I thank the Senator.



## HOUSE REDUCTION OF NATIONAL DEFENSE EDUCATION ACT BUDGET ESTIMATE

Senator HAYDEN. Is there any further question of these gentlemen? I notice the House reduced the budget estimate in the National Defense Education Act and did not allow any of the million dollars requested for the administration of the act. Would you care to comment on that?

Mr. KEPPEL. I am grateful for the question. The situation is this, that in the National Defense Education Act, the conference committee to which Senator Yarborough pointed out he was going a few minutes ago, there are proposals differing somewhat from the version that the Senate has agreed to for expansion of the National Defense Education Act. There are changes in three areas, to extend the amount of loan money, to increase the number of fellowships for training college faculty, which I would say is very important because we are expanding all higher education, and third, for the extension of certain kinds of institutes for teachers. I don't know what the House-Senate conference will come out with, but the Senate version would be of the order of \$75 million more program money. It might vary from that as a result of the conference. We estimate that the minimum of individuals necessary to handle this which was a total of 85 positions averaging out at \$800,000. The House committee did not provide for those positions. We estimate that we need these 85 in these programs and I would have to argue, sir, that \$75 million more without them would be very, very difficult.

## POSITIONS RESTORATION REQUESTED

I urgently hope that the committee will consider restoring those positions. I think it is of the first importance if we are going to carry out what I have much hope the Congress will accomplish as a result of the conference.

Senator SALTONSTALL. Is there any request before us for that million dollars.

Mr. KELLY. There is pending, not here today but on items on which you have already had hearings, the National Defense Education Act and the related salaries and expenses in this supplemental appropriation bill which you will be considering when you mark it up. If I might, as a person who appears here on lots of items, just underline what Commissioner Keppel has said. I think it is a serious consideration that the Office of Education is a relatively small organization, only 1,300 or 1,400 employees, and it has been given responsibility for not only carrying out its ongoing programs but for launching a whole series of new programs involving tremendous sums of money.

I think it is a matter of the most serious public policy as to whether or not you ask an agency to carry out these kinds of awesome responsibilities without the professional staff and the ability to check on what they are doing and making sure they are carrying it out.

I strongly urge you to consider putting those funds in.

Senator ALLOTT. Mr. Chairman, may I ask one question?

Senator HAYDEN. Certainly.

## TECHNICAL TRAINING PROGRAM TRANSFERRED

Senator ALLOTT. On the National Defense Education Act, Mr. Keppel, I understood that at least one program had been dropped out of the original bill. Is the conformation of the total National Defense Education Act relatively the same as it was when it was originally passed?

Mr. KEPPEL. Yes, sir. I think the program you referred to as having been dropped out of the original National Defense Education Act was a technical training program, title VIII, which has been put into the Vocational and Training Act. It is not in a sense dropped out but shifted to another act.

Mr. ARNOLD. The authorization is made permanent in the new Vocational and Education Act.

## LANGUAGE PROGRAM

Senator ALLOTT. Could I ask this question for my own information? Are the teacher retraining programs in math, science, language, still progressing in the National Defense Education Act?

Mr. KEPPEL. Yes, sir. The language is a particular program for which the Office of Education is responsible for training and retraining teachers. As you know the National Science Foundation with which we collaborate very closely has substantial programs in mathematics and science.

Senator ALLOTT. Maybe this is where I got it. A portion of that has been picked up by the National Science Foundation?

Mr. KEPPEL. Yes, sir.

Senator ALLOTT. Now has the whole thing been picked up by the National Science Foundation or are you carrying on under National Defense Education Act the teacher retraining and upgrading functions that were originally in that act?

Mr. KEPPEL. I would like to check with the memory of those who are here. We are doing language: National Science Foundation has substantial programs in mathematics, biology, and chemistry. In the bills now being discussed at this moment by the conference committee there are proposals to extend to include history, English, and civics.

Mr. HUGHES. The Institutes of National Science Foundation in the fields of mathematics and science were in existence 2 or 3 years before the National Defense Education Act came into being. The National Defense Education Act authorized specialized institutes for the foreign language field and also for the counseling and guidance field. Our operation is specifically limited to those fields; modern foreign language and guidance and counseling.

Generally the Foundation's mandate in this area is more general than ours and permits them greater latitude in terms of the identification of subjects. Their identification thus far has been in the mathematics and the physical and biological science field.

Senator ALLOTT. But you are not doing it now.

Mr. HUGHES. We are not duplicating any of their institute programs.

## PROVISION WITH RESPECT TO MATHEMATICS AND SCIENCE

Senator ALLOTT. As I recall the original act there as also provision for these institutes with respect to mathematics and science.

Mr. HUGHES. Our program for aiding mathematics, science, and foreign language instruction permits us to grant funds to the States for the purchase of equipment for upgrading of instructions in those areas directly in the classroom but does not permit us to do anything with the improvement of the teachers in the schools in the field of math and science. There is that distinction.

Senator ALLOTT. Could you supply for the record and supply me with a list of the schools or the number of schools by States? I would like to know the names of schools where we are carrying on the language training which is a very important part.

(The material referred to follows:)

DEFENSE EDUCATIONAL ACTIVITIES—TITLE VI, LANGUAGE INSTITUTES,  
FISCAL YEAR 1964

## ALABAMA

Stillman College, Tuscaloosa. Secondary school teachers of French, 40 participants. Summer 1964.

## ARIZONA

University of Arizona, Tucson. Secondary school teachers of Spanish, 52 participants. Summer 1964.

## CALIFORNIA

Champman College, Orange. Elementary school teachers of Spanish, 42 participants. Summer 1964.

Pomona College, Claremont. Elementary school teachers of Spanish, 54 participants. Summer 1964.

Sacramento State College, Sacramento. Elementary school teachers of Spanish, 50 participants. Summer 1964.

San Francisco State College, San Francisco. Elementary and secondary school teachers of Chinese, 20 participants. Summer 1964.

San Francisco State College, San Francisco. Elementary and secondary school teachers of Chinese, 20 participants. Summer 1964. (Held in Taipei, Taiwan.)

San Jose State College, San Jose. Elementary school teachers of Spanish, 45 participants. Summer 1964.

Sonoma State College, Cotati. Elementary school teachers of Spanish, 46 participants. Summer 1964.

Stanford University, Stanford. Elementary and secondary school teachers of German, 82 participants. Summer 1964. (Held in Bad Boll, Germany.)

University of California at Los Angeles. Elementary and secondary school teachers of English as a second language, 56 participants. Summer 1964.

University of the Pacific, Stockton. Secondary school teachers of Spanish, 48 participants. Summer 1964.

University of Southern California, Los Angeles. Secondary school teachers of Spanish, 73 participants. Summer 1964.

## COLORADO

Colorado State University, Fort Collins. Secondary school teachers of French, 40 participants. Summer 1964.

University of Colorado, Boulder. Secondary school teachers of German, 50 participants. Summer 1964.

University of Colorado, Boulder. Elementary and secondary school teachers of German, 20 participants. Academic year 1964-65.



## CONNECTICUT

Central Connecticut State College, New Britain. Secondary school teachers of French and Italian, 48 participants. Summer 1964.

## FLORIDA

Florida State University, Tallahassee. Secondary school teachers of French, 45 participants. Summer 1964.

University of Florida, Gainesville. Secondary school teachers of Spanish, 60 participants. Summer 1964.

## GEORGIA

Atlanta University, Atlanta. Secondary school teachers of French, 60 participants. Summer 1964.

Woman's College of Georgia, Milledgeville. Secondary school teachers of French and Spanish, 60 participants. Summer 1964.

## IDAHO

University of Idaho, Moscow. Secondary school teachers of Spanish, 40 participants. Summer 1964.

## ILLINOIS

Bradley University, Peoria. Secondary school teachers of Spanish, 52 participants. Summer 1964. (Held in San Miguel de Allende, Mexico.)

Knox College, Galesburg. Secondary school teachers of Spanish, 40 participants. Summer 1964.

Loyola University and Mundelein College, Chicago. Secondary school teachers of French, 50 participants. Summer 1964.

Northwestern University, Evanston. Secondary school teachers of Russian, 42 participants. Summer 1964.

Southern Illinois University, Carbondale. Secondary school teachers of German, 40 participants. Summer 1964.

## INDIANA

Indiana University, Bloomington. Secondary school teachers of Russian, 60 participants. Summer 1964. (Held at Indiana University and in the Soviet Union.)

Purdue University, Lafayette. Secondary school teachers of French and Spanish, 70 participants. Summer 1964.

University of Indiana, Bloomington. Elementary and secondary school teachers of Russian, 27 participants. Academic year 1964-65.

University of Notre Dame, Notre Dame. Secondary school teachers of French, 56 participants. Summer 1964.

## IOWA

Coe College, Cedar Rapids. Secondary school teachers of French, 48 participants. Summer 1964.

## KANSAS

Kansas State Teachers College, Emporia. Secondary School Teachers of French, 44 participants. Summer 1964.

University of Wichita, Wichita. Secondary school teachers of Spanish, 54 participants. Summer 1964. (Held at the University of Wichita and in Pueblo, Mexico.)

## KENTUCKY

University of Kentucky, Lexington. Secondary school teachers of French, 48 participants. Summer 1964.

## MAINE

University of Maine, Orono. Secondary school teachers of French, 60 participants. Summer 1964.

## MARYLAND

Goucher College, Towson. Secondary school teachers of French, 50 participants. Summer 1964.

## MASSACHUSETTS

Assumption College, Worcester. Franco-American elementary school teachers of French, 40 participants. Summer 1964.  
University of Massachusetts, Amherst. Secondary school teachers of French, 60 participants. Summer 1964. (Held in Arcachon, France.)

## MICHIGAN

Kalamazoo College, Kalamazoo. Secondary school teachers of Spanish, 72 participants. Summer 1964.

## MINNESOTA

College of St. Catherine, St. Paul. Secondary school teachers of French, 66 participants. Summer 1964. (Held in Rennes, France.)  
College of St. Theresa, Winona. Secondary school teachers of French. 54 participants. Summer 1964.  
University of Minnesota, Minneapolis. Elementary and junior high school teachers of German, and elementary school teachers of Spanish, 70 participants. Summer 1964.

## MONTANA

Montana State College, Bozeman. Secondary school teachers of German, 52 participants. Summer 1964.  
Montana State University, Missoula. Elementary and secondary school teachers of French, 52 participants. Summer 1964.

## NEVADA

University of Nevada, Reno. Secondary school teachers of French, 60 participants. Summer 1964.

## NEW HAMPSHIRE

Dartmouth College, Hanover. Secondary school teachers of Russian, 40 participants. Summer 1964.  
St. Anselm's College, Manchester. Elementary and secondary school teachers of French, 65 participants. Summer 1964.  
University of New Hampshire, Durham. Secondary teachers of Spanish, 40 participants. Summer 1964.

## NEW JERSEY

Princeton University, Princeton. Secondary school teachers of German, 40 participants. Summer 1964.  
Rutgers, the State University, New Brunswick. Secondary school teachers of French, 65 participants. Summer 1964.  
Seton Hall University, South Orange. Elementary and secondary school teachers of Chinese, 20 participants. Summer 1964.

## NEW MEXICO

University of New Mexico, Albuquerque. Secondary school teachers of Spanish, 54 participants. Summer 1964. (Held in Quito, Ecuador.)  
University of New Mexico, Albuquerque. Secondary school teachers of Spanish, 22 participants. Academic year 1964-65.

## NEW YORK

Colgate University, Hamilton. Secondary school teachers of French and Spanish, 60 participants. Summer 1964.  
Hamilton College, Clinton. Secondary school teachers of French, 52 participants. Summer 1964.  
Hofstra University, Hempstead. Secondary school teachers of German, 48 participants. Summer 1964.  
Iona College, New Rochelle. Elementary and junior high school teachers of Spanish and elementary school teachers of French, 78 participants. Summer 1964.  
Pace College, 41 Park Row, New York City. Secondary school teachers of Spanish, 42 participants. Summer 1964.

St. Lawrence University, Canton. Secondary school teachers of French, 60 participants. Summer 1964.

Wells College, Aurora. Secondary school teachers of French, 45 participants. Summer 1964.

#### NORTH CAROLINA

Appalachian State Teachers College, Boone. Secondary school teachers of French and Spanish, 64 participants. Summer 1964.

North Carolina College at Durham, Durham. Secondary school teachers of French, 40 participants. Summer 1964.

#### OHIO

College of Mount St. Joseph-On-the-Ohio, Mount St. Joseph. Elementary school teachers of French, 50 participants. Summer 1964.

Kent State University, Kent. Elementary school teachers of Spanish, 65 participants. Summer 1964.

Ohio State University, Columbus. Secondary school teachers of French and Spanish, 60 participants. Summer 1964.

#### OKLAHOMA

University of Oklahoma, Norman. Secondary school teachers of French and Spanish, 64 participants.

#### OREGON

University of Oregon, Eugene. Secondary school teachers of French, 80 participants. Summer 1964. (Held in Tours, France.)

#### PENNSYLVANIA

Albright College, Reading. Elementary and secondary school teachers of German, 40 participants. Summer 1964.

Bucknell University, Lewisburg. Secondary school teachers of French and Spanish, 50 participants. Summer 1964.

Gannon College, Erie. Secondary school teachers of Spanish, 40 participants. Summer 1964.

Pennsylvania State University, University Park. Elementary school teachers of French, 42 participants. Summer 1964.

University of Pittsburgh, Pittsburgh. Secondary school teachers of French and Spanish, 60 participants. Summer 1964.

#### TENNESSEE

University of Tennessee, Knoxville. Secondary school teachers of French and elementary and secondary school teachers of Spanish, 65 participants. Summer 1964.

Vanderbilt University, Nashville. Secondary school teachers of Spanish (native speakers), 40 participants. Summer 1964.

#### TEXAS

Our Lady of the Lake College, San Antonio. Elementary and secondary school teachers of Spanish, 40 participants. Summer 1964.

Rice University, Houston. Secondary school teachers of Spanish, 60 participants. Summer 1964.

Texas Southern University, Houston. Secondary school teachers of French and Spanish, 50 participants. Summer 1964.

Texas Technological College, Lubbock. Secondary school teachers of Spanish, 42 participants. Summer 1964. (Held in Tucumán, Argentina.)

#### UTAH

Utah State University, Logan. Secondary school teachers of French and Spanish, 54 participants. Summer 1964.

#### VERMONT

University of Vermont, Burlington. Secondary school teachers of French, 40 participants. Summer 1964.



## WASHINGTON

University of Puget Sound, Tacoma. Secondary school teachers of Spanish, 52 participants. Summer 1964.  
 University of Washington, Seattle. Secondary school teachers of German, 40 participants. Summer 1964.

## WEST VIRGINIA

West Virginia University, Morgantown. Secondary school teachers of French and Spanish, 60 participants. Summer 1964.

## WISCONSIN

University of Wisconsin, Madison. Secondary school teachers of German and Spanish, 60 participants. Summer 1964.

## PUERTO RICO

University of Puerto Rico, Río Piedras. Elementary and secondary school teachers of English as a second language, 54 participants. Summer 1964.

Senator HAYDON. Are there any further questions? If not, we thank you for your appearance.

Mr. KEPPEL. Thank you, Mr. Chairman.

Senator HAYDEN. The next item for consideration relates to the request for \$60 million additional capital for the revolving fund of the Small Business Administration.

## SMALL BUSINESS ADMINISTRATION

STATEMENTS OF EUGENE P. FOLEY, ADMINISTRATOR; LOGAN B. HENDRICKS, DEPUTY ADMINISTRATOR FOR FINANCIAL ASSISTANCE; AND K. L. HANNA, ASSISTANT ADMINISTRATOR FOR ADMINISTRATION

## JUSTIFICATION

Chairman HAYDEN. The justifications covering the request will be placed in the record.

(The justifications required follow:)

## "SMALL BUSINESS ADMINISTRATION

## "REVOLVING FUND

*"For additional capital for the revolving fund authorized by the Small Business Act of 1953, as amended, to be available without fiscal year limitations, \$60,000,000.*

*"(72 Stat. 384, as amended; 72 Stat. 689, as amended.)"*

## JUSTIFICATION FOR SUPPLEMENTAL ESTIMATE OF APPROPRIATION, FISCAL YEAR 1965

The revolving fund balance at June 30, 1964, was \$126.3 million, compared with the budget estimate of \$160.4 million. This shortage of \$34.1 million in funds planned for use in fiscal year 1965 resulted primarily from extensive disaster loan operations in 1964, which year saw a new record established for the amount of such loans requested and approved. The SBA share of disaster loans approved in 1964 was \$54.1 million compared with the budget estimate of \$27 million. This record amount reflected the activity from the Alaska earthquake in March, the Montana floods in June, and numerous other smaller disasters such as the Ohio River Valley flood which occurred during the year.

Lending activities during July and August resulted in further charges of \$35.1 million to the fund, so that after making allowance for the amount to be

transferred for administrative expenses in fiscal year 1965, the balance at August 31 was down to \$67.3 million. At this date, pending disaster loan applications amounted to \$15.2 million, practically all of which stems from disaster declarations made in 1964.

The high level of disaster loan operations has been accompanied by an unprecedented and unplanned for level of business loan applications. Beginning in February 1964, business loan cases jumped to an average of 1,225 per month for the last 5 months of the fiscal year compared with an average of 783 per month for the first 7 months (the budget estimate for the entire year was an average of 875 per month).

The trend has continued into 1965, with July producing 1,523 applications, August, 1,462, and September running at a rate of almost 2,100. The continued upward trend has made it essential to recalculate our needs and for this purpose an average of 1,500 applications per month, an approval rate of 63 per cent, and an average size of \$30,000 (SBA share) have been used.

On the basis of these factors, and the latest estimates for our remaining programs, the impact on the revolving fund is estimated at \$17 million per month, exclusive of requirements for disaster loans. Thus, without any provision for disaster loan needs, at the indicated usage rate the fund will be exhausted by December 31, 1964.

Consequently, the actual and potential drain on the resources of the revolving fund in excess of the estimated amounts makes it necessary to request a supplemental appropriation at this session of the Congress, if the lending programs of SBA are not to be curtailed in late fall to the level which could be financed by repayments on loans previously made. The possible need for a supplemental appropriation was indicated during the course of the hearings in early July on our 1965 budget request. This request, which had been developed almost a year earlier, for the first time in SBA's history did not include any appropriation for additional capital for the revolving fund.

This supplemental request of \$60 million would restore to the revolving fund the amounts required for disaster loans in excess of the amount budgeted. Assuming no additional disasters of the magnitude of that which occurred in Alaska, this amount is estimated to be adequate to provide for all needs until approximately March 1965. This would provide additional time, therefore, to observe the trend and measure the impact of the expanding business loan program as well as loans under title IV of the Economic Opportunity Act.

The request for \$60 million is derived as follows:

		<i>In millions</i>
Amount used for disaster loans in fiscal year 1964 in excess of the \$27 million budgeted.....		\$27.3
Prior-year declarations: July and August approvals.....		17.0
Applications pending August 31.....		15.2
<b>Total.....</b>		<b>59.5</b>
Preliminary estimate of needs from Florida-Georgia areas damaged by Hurricanes Cleo and Dora.....		4.0

Pertinent statistics concerning the level of business and disaster loan applications during fiscal year 1964 and the first 2 months of 1965, are as follows:

	Number of applications	
	Business	Disaster
Monthly average (fiscal year 1964 estimates).....	875	184
Actual, fiscal year 1964:		
July 1963-January 1964 average.....	783	162
February 1964.....	1,045	104
March 1964.....	1,315	161
April 1964.....	1,194	629
May 1964.....	1,131	529
June 1964.....	1,439	509
Monthly average (fiscal year 1965 estimate).....	950	184
Actual, fiscal year 1965 to date:		
July.....	1,523	464
August.....	1,462	408

## Program and financing

[In thousands of dollars]

	1964 actual	1965 estimate	1965 revised estimate
<b>Program by activities:</b>			
<b>Capital outlay:</b>			
1. <b>Financial assistance:</b>			
<b>Business loans:</b>			
Direct.....	78,613	64,358	174,528
Immediate participation.....	155,093	165,493	129,312
Deferred participation and guaranteed.....	15,002	28,408	19,440
<b>Total business loans.....</b>	<b>248,108</b>	<b>258,259</b>	<b>323,280</b>
<b>Disaster loans:</b>			
Displaced business.....	6,817	7,000	7,000
Other.....	47,315	20,060	45,000
<b>Total disaster loans.....</b>	<b>54,132</b>	<b>27,000</b>	<b>52,000</b>
Conversion between types of loans.....	58		
Deferred participation and guaranteed business loans not expected to be purchased.....	-13,300	-25,567	-17,496
<b>Total financial assistance.....</b>	<b>288,998</b>	<b>259,692</b>	<b>357,784</b>
2. <b>Investment and development company assistance:</b>			
Purchase of debentures of small business investment companies.....	26,101	53,300	40,000
Loans to small business investment companies.....	31,804	42,200	40,000
Guaranteed loans made by banks not expected to be purchased) 50 percent of loan amount).....	-3,829	-5,500	-172
Loans to State development companies.....	1,000	1,000	
Loans to local development companies.....	19,724	30,000	30,000
<b>Total investment and development company assistance.....</b>	<b>74,800</b>	<b>121,000</b>	<b>109,828</b>
<b>Total loans and investments.....</b>	<b>363,798</b>	<b>380,692</b>	<b>467,612</b>
Administrative reservations, start of year.....	81,911	81,911	117,037
Administrative reservations, end of year.....	-117,037	-81,911	-117,037
<b>Total capital outlay, obligations.....</b>	<b>328,672</b>	<b>380,692</b>	<b>467,612</b>
<b>Operating costs, funded:</b>			
1. Interest expense.....	30,740	36,711	36,000
2. Administrative expenses.....	24,943	25,824	28,500
3. Other costs and expenses.....	3,201	2,344	3,500
<b>Total operating costs, funded obligations.....</b>	<b>58,884</b>	<b>64,879</b>	<b>68,000</b>
<b>Total obligations.....</b>	<b>387,556</b>	<b>445,571</b>	<b>535,612</b>
<b>Financing:</b>			
New obligational authority (appropriation).....	90,000		60,000
<b>Revenue and other receipts:</b>			
<b>Financial assistance program:</b>			
Repayments on business loans.....	153,724	162,422	164,000
Repayments on disaster loans.....	13,654	20,000	20,000
Sales of loans.....	5,340	12,000	12,000
Proceeds from sale of acquired collateral.....	2,264		
Repayments on judgments and notes receivable.....	835		
Revenue.....	32,747	34,736	35,570
<b>Investment and development company assistance program:</b>			
Repayments on loans and debentures.....	5,586	8,615	6,200
Proceeds from sale of acquired collateral.....	97		
Revenue.....	9,473	15,306	11,800
<b>Total revenue and other receipts.....</b>	<b>223,720</b>	<b>253,079</b>	<b>249,570</b>
Unobligated balance brought forward:			
Reserved.....	81,911	81,911	117,037
Unreserved.....	205,516	160,396	126,278
Recovery of prior year obligations:			
Financial assistance program.....	25,876	28,596	19,268
Investment and development company assistance program.....	3,848	3,500	3,996
Unobligated balance carried forward:			
Reserved.....	-117,037	-81,911	-117,037
Unreserved.....	-126,278		176,500
<b>Financing applied to program.....</b>	<b>387,556</b>	<b>445,571</b>	<b>535,612</b>

<sup>1</sup> Represents deficiency in funds available if July and August 1964 level of activity continues for the full fiscal year.



STATEMENT BY EUGENE P. FOLEY, ADMINISTRATOR, SMALL BUSINESS  
ADMINISTRATION

When I appeared before the Senate Appropriations Committee a few months ago in connection with the 1965 appropriation request for the Small Business Administration, I pointed out that for the first time in its history the agency was not requesting an increase in capital for its revolving fund. I found it necessary, however, to state that because of the Alaska and other large disasters as well as a steadily increasing business loan activity, it might be necessary for us later in the year to request an increase for the revolving fund. We were of the opinion that the situation was such that we would be able to delay this request until after January 1, 1965. However, that has not proved possible.

At the time of preparing the 1965 budget, we assumed a carryover balance of \$160 million into fiscal year 1965. This estimated balance coupled with anticipated repayments was estimated to be adequate for the fiscal year 1965. The balance actually carried over was only \$126 million, \$34 million less than estimated. This lower balance was due almost entirely to unpredictable disaster loan requests—Alaska earthquake, Ohio River Valley flood, Montana flood, and numerous other disasters. We actually used \$54 million in 1964 for disaster loans as compared to the budget amount of \$27 million. This was the highest disaster loan level in the history of the agency.

Disaster loans from declarations during the last fiscal year are continuing heavy in the fiscal year 1965. During July and August additional disaster loans were approved in the amount of \$17 million and we still had pending at the end of August \$15.2 million in such applications.

On September 1, 1964, only \$67.3 million remained available in the revolving fund to finance all lending operations. This amount, after allowing for the disaster loan applications on hand plus those anticipated from Hurricanes Cleo and Dora, will be sufficient to provide for all other loan programs until only about the first of December. Obviously, any additional disasters which may occur will further accelerate the exhaustion date of the fund. We find it necessary, therefore, to request a supplemental appropriation of \$60 million to the revolving fund to restore the amounts required for disaster loans in excess of the amount budgeted.

As set forth in the justification, the business loan volume is continuing to increase. Our forecast for the current year was at an average monthly rate of 950 applications. In July we received 1,523; in August 1,462, and through the 21st of September we received 1,387, which is at a monthly rate of approximately 2,100. The volume in these months is usually under the average for the fiscal year. If past experience prevails during 1965, it appears that our volume may almost double the average monthly volume projected in the budget.

The budget request of \$60 million, as I mentioned earlier, would restore to the revolving fund the amount being used for disasters occurring during fiscal year 1964 in excess of the amount budgeted. Based on current usage it appears that this amount would be adequate to permit operations to continue through February 1965. This would give us additional time to observe the trend in business loan applications and project more accurately the needs for the full fiscal year, including loans to be made under title IV of the Economic Opportunity Act of 1964.

## GENERAL STATEMENT

Chairman HAYDEN. You may proceed, Mr. Foley.

Mr. FOLEY. Thank you, Mr. Chairman. My name is Eugene P. Foley, Administrator, the Small Business Administration. I am accompanied by Mr. Keith Hanna, the Assistant Administrator for Administration, and Mr. Logan Hendricks, Deputy Administrator for Financial Assistance.

When I appeared before the Senate Appropriations Committee a few months ago in connection with the 1965 appropriation request for the Small Business Administration, I pointed out that for the first time in its history the agency was not requesting an increase in capital for its revolving fund. I found it necessary, however, to state that because of the Alaska and other large disasters as well as a steadily increasing

business loan activity, it might be necessary for us later in the year to request an increase for the revolving fund.

We were of the opinion that the situation was such that we would be able to delay this request until after January 1, 1965. However, that has not proved possible.

#### DISASTER LOAN ACTIVITY

At the time of preparing the 1965 budget, we assumed a carryover balance of \$160 million into fiscal year 1965. This estimated balance coupled with anticipated repayments was estimated to be adequate for the fiscal year 1965. The balance actually carried over was only \$126 million, \$34 million less than estimated. This lower balance was due almost entirely to unpredictable disaster loan requests—Alaska earthquake, Ohio River Valley flood, Montana flood and numerous other disasters.

We actually used \$54 million in 1964 for disaster loans as compared to the budget amount of \$27 million. This was the highest disaster loan level in the history of the agency.

Disaster loans from declarations during the last fiscal year are continuing heavy in the fiscal year 1965. During July and August additional disaster loans were approved in the amount of \$17 million and we still had pending at the end of August \$15.2 million in such applications.

On September 1, 1964, only \$67.3 million remained available in the revolving fund to finance all lending operations. This amount, after allowing for the disaster loan applications on hand plus those anticipated from Hurricanes Cleo and Dora, will be sufficient to provide for all other loan programs until only about the first of December.

Obviously, any additional disasters which may occur will further accelerate the exhaustion date of the fund. We find it necessary, therefore, to request a supplemental appropriation of \$60 million to the revolving fund to restore the amounts required for disaster loans in excess of the amount budgeted.

I might add here parenthetically that in response to a question from a member of this committee, I stated that if this request were reduced from \$60 million to \$50 million, I believed we would have sufficient funds to permit us to operate beyond the end of the calendar year.

Senator SALTONSTALL. Mr. Chairman, may I ask a question, unless Senator Monroney has a question.

Senator MONRONEY. I have none.

#### REVOLVING FUND STATUS

Senator SALTONSTALL. Your present authorization is \$1,666 million?

Mr. FOLEY. That is correct.

Senator SALTONSTALL. Your present appropriation is \$1,350 million?

Mr. FOLEY. That is right.

Senator SALTONSTALL. You are asking to increase that \$1,350 million to \$1,400 million?

Mr. FOLEY. That is correct.

Senator SALTONSTALL. Your disaster loan estimate is \$27 million, is that correct, for fiscal 1965?

Mr. FOLEY. We anticipated disasters in the amount of \$27 million.

Senator SALTONSTALL. It is now \$86 million?

Mr. FOLEY. That is correct.

Senator SALTONSTALL. So you have a deficit of \$59 million on your disaster loans?

Mr. FOLEY. That is correct.

Senator SALTONSTALL. Now in addition to that you have had a tremendous increase in your number of business loans. For instance, in July of this year it is 1,523. In August, 1,426. In other words, the regular business loans have constantly grown. Is that correct?

Mr. FOLEY. That is correct.

Senator SALTONSTALL. So that as you stated you only have \$67,300,000 remaining for all the programs for this year?

Mr. FOLEY. That is correct.

REQUEST OF COMMITTEE

Senator SALTONSTALL. What you are asking us to do is to add \$50 million onto that.

Mr. FOLEY. That is correct.

Senator SALTONSTALL. Now your estimates are based on repayment in the amount of \$203 million; is that correct?

Mr. FOLEY. For the fiscal year 1965, that is correct.

Senator SALTONSTALL. And revenues of \$50 million and a certain amount of cancellations so that you have a total of \$445 million including your carryover, your repayments and all the other things, to which you ask us to add \$50 million.

Mr. FOLEY. I will have to check the last figures, Senator. I followed you up until then. I am told by Mr. Hanna, our Assistant Administrator for Administration, that what you stated is correct.

Senator SALTONSTALL. Mr. Chairman, with your approval, I would like to submit for the record this little statement which I had prepared by Mr. Coughlin of the Small Business Committee of the Senate which I think explains quite clearly what Mr. Foley is asking, perhaps a little bit clearer than your detailed statement. I think your detailed statement should also go into the record.

Senator HAYDEN. Yes, we will put them both in the record.

(The documents referred to follow:)

DISASTER LOANS APPROVED JULY 1, 1963, THROUGH AUG. 31, 1964, AND PENDING AUG. 31, 1964—BY DISASTER

[In millions]

Disaster	Approved	Pending Aug. 31, 1964	Total
Ohio River Valley flood .....	\$2.5	-----	\$2.5
Alaska earthquake.....	46.8	\$11.4	58.2
Montana and Idaho floods.....	1.9	.4	2.3
Guam typhoons.....	5.8	.7	6.5
Displaced business loans.....	6.8	.9	7.7
Economic injury loans.....	.6	.6	1.2
Product disease or toxicity loans.....	1.0	.8	1.8
All other disaster areas declared (38).....	5.9	.4	6.3
Total.....	71.3	15.2	86.5



## FINANCIAL STATISTICS, SMALL BUSINESS ADMINISTRATION

## REVOLVING FUND

Present authorization-----	\$1,666,000,000
Present appropriation-----	1,350,000,000

*I. Disaster loan program, sec. 7 (b)*

Actual amount committed at present under disaster loan program--	\$86,000,000
SBA budgetary estimate of amount to be committed under program for fiscal year 1965-----	27,000,000
Deficit-----	59,000,000
Alleged principal reasons for deficit due to disaster loans to Alaska and Montana in spring, 1964:	
Approved:	
Alaska-----	47,000,000
Montana-----	2,000,000
Pending:	
Alaska-----	6,000,000
Montana-----	112,000

The deficit in the disaster loan program (\$59 million) has been taken out of the revolving fund. It is to cover this amount that the supplemental appropriation is requested.

*II. Fiscal year 1965 budgetary estimates for all loan programs of SBA*

Business loan program-----	\$233,000,000
Investment and development company program-----	121,000,000
Disaster loan program-----	27,000,000
Total-----	381,000,000
SBA operating costs, fiscal year 1965-----	65,000,000
Grand total-----	446,000,000

Following sources of revenue and income were to cover loan program and operating costs:

Repayments-----	\$203,000,000
Revenues-----	50,000,000
Cancellations and recoveries from prior obligations-----	32,000,000
Carryover from fiscal year 1964-----	160,000,000
Total-----	445,000,000

Actually, the carryover from fiscal year 1964 was \$126 million instead of the estimated \$160 million. Coupled with this difference, costs under the other programs have exceeded estimates for fiscal year 1965. Thus, as of September 1, 1964, only \$67,300,000 remained for all SBA loan programs through the remainder of fiscal year 1965.

## INCREASE IN BUSINESS LOANS

Mr. FOLEY. Shall I continue, Mr. Chairman?

Chairman HAYDEN. Yes.

Mr. FOLEY. As set forth in the justification, the business loan volume is continuing to increase. Our forecast for the current year was at an average monthly rate of 950 applications. In July we received 1,523; in August 1,462 and through the 21st of September we received 1,387 which is at a monthly rate of approximately 2,100.

Senator SALTONSTALL. Is the quality of those loans being maintained?

Mr. FOLEY. I believe they are, yes.

Senator SALTONSTALL. Not what you believe, but are they being maintained in your opinion? Because it is your ultimate responsibility to approve them.

Mr. FOLEY. The quality is being maintained. I will say we are making in the smaller loans under \$6,000, a more liberal loan. Nevertheless I believe that the quality of the loan is as sound as it has been in the larger loan that we made.

#### LOAN REPAYMENT AND INTEREST

Senator SALTONSTALL. The failure to pay interest and repayment are being maintained at a low level?

Mr. FOLEY. They are being maintained at the same level. I would be misleading you if I were to use this as an argument that the quality is the same.

Senator SALTONSTALL. What I meant was that you are not granting loans of a lower standard than you have been? The increased loans have not come about by granting lower standards.

Mr. FOLEY. I would say for loans under \$6,000 we are relying more on the personal character, business experience, and general community reputation of the individual than we had in previous years on the theory that in the very smallest of businesses the human asset is a business asset.

I do not think we will have any increase in losses because of this change in policy. But in the loans above that our policies and procedures are identical to what they have always been.

#### REPAYMENT RECORD

Senator YOUNG. What is the repayment record on your loans?

Mr. FOLEY. Our losses, Senator, on roughly over \$2 billion of loans in 11 years is 21½ percent. That compares very, very favorably with the loss experience of commercial banks in long-term lending. I should explain, although I probably don't have to for this committee, that the distinction between the SBA and commercial banks lending is that commercial banks make short-term loans, that is under a year, and our function is to make long-term loans. We are not a risk-lending agency.

This seems to confuse many people. They think that because Government is in lending it must necessarily be of a risk nature. We are in a long-term program and we are just as tough as any banks.

Senator YOUNG. Are you saying 97½ percent of all the loans made are being repaid?

Mr. FOLEY. It is roughly that. Actually the 21½ percent figure is based on the dollar volume rather than the number of loans. However, there is not much discrepancy, if you take the losses on the number of business loans made or the dollar value.

Senator YOUNG. 97.5 percent of the volume of loans are repaid?

Mr. FOLEY. They are repaid.

Senator YOUNG. Thank you.

#### LOAN APPLICATIONS

Mr. FOLEY. I was pointing out, Mr. Chairman, that in September we are now proceeding at a monthly rate of approximately 2,100 appli-

cations for loans. The volume in these months is usually under the average for the fiscal year.

If past experience prevails during 1965, it appears that our volume may almost double the average monthly volume projected in the budget.

The budget request of \$60 million as I mentioned earlier would restore to the revolving fund the amount being used for disasters occurring during fiscal year 1964 in excess of the amount budgeted.

Again I point out we have reduced this request from \$60 to \$50 million.

#### ADEQUACY OF REQUEST

Based on current usage it appears that this amount would be adequate to permit operations to continue through February 1965.

This would give us additional time to observe the trend in business loan applications and project more accurately the needs for the full fiscal year, including loans to be made under title IV of the Economic Opportunity Act of 1964.

#### CORRESPONDENCE FROM SENATORS JAVITS AND KEATING, OF NEW YORK

Chairman HAYDEN. I have correspondence from Senators Javits and Keating, of New York, which will be placed in the record at this point.

(The correspondence referred to follows:)

U.S. SENATE,  
Washington, D.C., September 22, 1964.

HON. CARL HAYDEN,  
Chairman, Senate Appropriations Committee,  
Washington, D.C.

DEAR SENATOR HAYDEN: We would appreciate most serious consideration of our request that the appropriation contained in H.R. 12633, the supplemental appropriation bill for fiscal year 1965, for the Department of the Interior's National Park Service, be increased by \$2,918,000 for the purpose of commencing essential work on the Fire Island National Seashore authorized by Public Law 88-587.

There are two reasons why we believe this request should receive maximum priority in this 88th Congress.

The first reason was expressed by the Secretary of the Interior Stewart L. Udall in his testimony before the House Subcommittee on National Parks on April 10, 1964. The Secretary said: "When one realizes almost a quarter of the people of the United States are within 250 miles of this area (Fire Island) and that in terms of the trend of rising prices and rising development this is one of the proposals where we have a last-chance opportunity to do something of significance, the urgency becomes clear."

We have been advised by interested community representatives that land speculation is now taking place on Fire Island, despite the cutoff date of January 1, 1963, in Public Law 88-587, after which development is subject to condemnation by the Secretary. The community representatives state that private developers feel that if they can proceed rapidly enough with development, it will be either too expensive or too impractical for the Secretary to condemn their property. The lack of an adequate appropriation for land acquisition for the Fire Island National Seashore by this Congress could result in a tragic loss to the people of the United States of thousands of precious acres of natural oceanfront area, the last remaining in the East.

The second reason is that there is an urgent and immediate need to institute erosion control measures on Fire Island. Such a project was authorized by the Congress in 1960, but its execution has been delayed pending determination of the status of the national seashore. Meanwhile the inexorable work of storm and tide has created a potentially dangerous situation where not only Fire Island itself but the south shore of Long Island will be faced with millions of dollars



in destruction if a major storm hits the area. It is urgent that the Department of the Interior and the Department of the Army move promptly to institute erosion control measures. Such action may, in the long run, save the people of the United States as well as the people of the State of New York millions of dollars. Prevention in this instance costs far less than the cure.

The request for a \$2,918,000 supplemental appropriation is based upon the Secretary of the Interior's estimate of necessary funds for the first year of operating the Fire Island National Seashore. In the Department of Interior's report of June 10, 1964, to Chairman Jackson of the Senate Interior Committee, it was stated that this amount would include \$2,792,465 for appraisals, surveys, and land acquisition for the first year, and \$125,535 for expenses of new management, supervisory, and maintenance personnel.

Action by this Congress and by the Secretary will be a clear signal to private developers that the acreage on Fire Island will be preserved for the people. It will also express a mandate for immediate protection of the area which has been delayed for the past 4 years with disastrous consequences in the storm of 1962. We cannot afford to permit the Fire Island National Seashore, which has had the greatest popular support at all levels of any national park proposal in our history, to be wasted and to be lost for public benefits.

With best wishes,  
Sincerely,

JACOB K. JAVITS,  
*United States Senate.*  
KENNETH B. KEATING,  
*United States Senate.*

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U.S. SENATE,  
COMMITTEE ON THE JUDICIARY,  
*September 23, 1964.*

HON. CARL HAYDEN,  
*Chairman, Committee on Appropriations,*  
*U.S. Senate*

DEAR MR. CHAIRMAN: This is in reference to the supplemental appropriations bill (H.R. 12633), now pending before your committee.

Under Public Law 88-572, approved September 2, 1964, the Secretary of the Army was authorized to acquire fee title to a building constructed by the Young Men's Christian Association on the Fort Jay, N.Y., military reservation, upon payment to the association of \$150,000. This 44-year-old building, if purchased, will be used by the Army for a badly needed recreational and social center for the 1,400 enlisted men at Fort Jay.

At the same time, if the sale is consummated, the YMCA will be able to use the sale proceeds to expand its services to Armed Forces personnel elsewhere in New York City.

Unfortunately, this meritorious authorizing legislation received approval too late for the Budget Bureau to transmit supplemental estimates to the House Appropriations Committee in time for consideration of an item in the supplemental appropriations bill to finance the acquisition.

It is, therefore, respectfully requested that your committee give favorable consideration to adding to the bill an item in the amount of \$150,000 to carry out the purposes of Public Law 88-572.

A copy each of the Public Law 88-572 and the Senate Appropriations Committee report thereon are enclosed for your convenient reference.

Very sincerely yours,

KENNETH B. KEATING.

NATIONAL COMMISSION ON TECHNOLOGY, AUTOMATION, AND ECONOMIC PROGRESS

Chairman HAYDEN. I have a communication from Senator Byrd of West Virginia, which will be included in the record at this point.

(The communication referred to follows:)

STATEMENT BY HON. ROBERT C. BYRD, A U.S. SENATOR FROM THE STATE OF WEST VIRGINIA

Mr. Chairman and members of the committee. As a member of this august Senate Appropriations Committee, I would like to add my endorsement to the

many others already received for the National Commission on Technology, Automation, and Economic Progress. I also urge that the full \$1 million requested by the President be granted for the operation of this Commission.

I believe that the work of this Commission may be beneficial in solving the serious economic problems which afflict one of West Virginia's most important sources of income—the coal industry.

In its determination to remain competitive with other fuels, coal has a progress record probably unequaled by any other industry. Through mechanization, output per man-day in bituminous mines has more than doubled in the past 10 years, and has tripled in the past 2 decades. Today the American miner has a productivity substantially greater than that of his counterpart anywhere else in the world.

As a consequence of this industrial revolution, the average value of coal at the mine, in defiance of rising wages and costs of equipment and supplies, is less today than it was 10 years ago. The average hourly earnings of coal miners are 30 percent higher than that of the average for all manufacturing, and are substantially above automobile workers' earnings.

Mechanization is, without a doubt, responsible for this unique economic situation in which the price of the product goes down as wages go up.

Without the favorable trend in selling prices, coal's markets would have, by this time, dwindled to a point far below the 460-plus million tons that will leave America's mines in 1964. Coupled with the industry's ability to stabilize its costs has come a transportation innovation with a highly beneficial effect on the sales tag at the point of consumption—the unit train. Through this new concept in moving coal to market, the railroads have been able to cut costs from 30 to 50 percent in long-distance delivery and research may bring still greater advantages in this respect.

Yes, Mr. Chairman, the coal industry is leading the way in technical progress, yet there is the usual corollary disadvantage accompanying this advancement. As modern machinery takes over greater shares of the workload, less employees are required. In 1955, bituminous coal output was at approximately the same level it is at the present time. In that year, a total of 464,500,000 tons was produced by a work force of 225,000 miners. This year the same tonnage will be produced by approximately 142,000 men. In further emphasis of the impact of automation on employment, approximately 439,000 men were employed at the mines when output was 461 million tons in 1940.

Thus, on the bright side is the knowledge that automation has kept the coal industry alive and resulted in distinctly improved wage scales; but there is no denying that a skilled technician operating a mining machine today is able to extract some three times the amount that his predecessor mined during the war years.

To the uninformed, unemployment in coal communities is ascribed summarily to automation. There are many of us who will challenge that analysis, and it is to these conflicting conclusions that the efforts of the Commission on Technology must direct itself so far as coal is concerned. In a study made earlier this year, a prominent economist predicted that automation will eliminate 2 million old jobs while creating 3 million new jobs during 1964. While it is questionable whether the coal industry will enjoy even a modicum of such an increase through technological progress, yet it is a certainty that both production and jobs would suffer a decline if the industry failed to take advantage of every opportunity to cut operating costs through modernization of both equipment and method.

With this broad authority, the Commission can be expected to put the whole coal area picture into proper focus: on the one hand, the improved standards of living that have been made possible for those miners fortunate enough to hold their jobs in a mechanized mining industry; on the other side, the impoverished families whose work in the mines went out when machines came in. But the study cannot stop here. To do so would arbitrarily indict automation as the sole culprit for the misfortune of miners without work.

In fairness, the Commission must not be deprived of other information highly pertinent to any study on coal industry automation. In must, therefore, be made fully knowledgeable of the disastrous market losses suffered by the coal industry since foreign residual oil began to inundate the Atlantic seaboard shortly after the conclusion of World War II. For therein lies the major reason for the serious economic afflictions in West Virginia's mining communities.

Whether mine workers have been idled by machines is not at issue. Statistics which I have presented herewith contain indisputable evidence that

many times more miners would be needed to produce with pick and shovels the volume of coal that is now being bored and hacked and bitten and loaded with machines. What needs to be determined is just how many more thousands of West Virginia's men could return to work if reasonable controls were placed on imported residual oil. Last year more than a quarter billion barrels of total residual oil imports were directly competitive with coal. If the coal industry instead of foreign refiners were the suppliers of this amount of fuel, our mines could have provided for another 15,952 men earning \$5,000 per year each. The greatest share of this bonanza would go to West Virginia, thus providing a general economic stimulant that might very well put our State back on the road to the prosperous level of business of which we have been so long deprived.

Less miners than if the industry had not mechanized? Admittedly so. Yet reemployment of just a few thousand more mining men at today's wage scales can produce a joyful chain reaction that would be felt in every field of business throughout the State: in the transportation industries, in business houses, banks, service stations, and right down to our State and local treasuries for school, police, highway, and other services.

**Robert E. Lee Hall**, vice president of the National Coal Association, several years ago spoke to a civic group at Steubenville, Ohio, which is immediately across the Ohio River from Weirton, W. Va., explaining that fuel imports and not automation have brought economic chaos to many mining areas:

"By mechanizing the mining process, the coal industry has been able to withstand inflationary pressures and withhold its product at pre-1950 price levels. Without the unfair and unjustified competition from alien natural gas and residual oil, the brisk and quickening demand for coal would serve to firm up the economy of many a mining and railroad community afflicted with chronic surplus labor conditions."

Those of us close to coal understand this situation, Mr. Chairman. The Commission on Automation must also be made aware of the true conditions in our coal communities. For this reason I am hopeful that the President will find it desirable to name an individual close to coal as a member of the new Commission. A West Virginian would be particularly adaptable to such an undertaking. Not only are our business and industrial leaders familiar with the problems that plague coal, steel, and other highly automated fields; they are also aware that immediate action is required to relieve the hardship and overcome the psychological distress that prevails in areas of chronic unemployment. This knowledge would certainly tend to expedite the work assigned to the Commission. More important, it would lead to inclusion in the study vital and relevant information that otherwise might very well go unnoticed.

#### COMMITTEE ADJOURNMENT

Chairman **HAYDEN**. We will now adjourn.

(Whereupon, at 1:25 p.m., Thursday, September 24, 1964, the hearing was adjourned.)



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